

Re: Metro Alliance Holdings and Equities Corp_SEC Form 17-A 2023_26April2024

From: ICTD Submission (ictdsubmission+canned.response@sec.gov.ph)

To: metro.alliance@yahoo.com

Date: Friday, April 26, 2024 at 09:52 AM GMT+8

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----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

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1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – <https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

Certification

I, Annabelle T. Abunda, Finance Officer of Metro Alliance Holdings & Equities Corporation, with SEC registration number 296 with principal office at 35th Flr. One Corporate Center, Doña Julia Vargas, cor. Meralco Ave., Ortigas Center, Pasig City, on oath state:

- 1) That on behalf of Metro Alliance Holdings & Equities Corporation, I have caused this Annual Report 2023 SEC Form 17-A to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company, Metro Alliance Holdings & Equities Corporation, will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereto set my hands this APR 26 2024 day of _____, 2024.



Affiant

TIN: 205-231-659

SUBSCRIBED AND SWORN to before me this APR 26 2024 day of _____, 2024.

PASIG CITY

JOC. NO. 385
PAGE NO. 78
BOOK NO. 22
SERIES OF 2024

FERDINAND D. AYAHAO

NOTARY PUBLIC

For and in Pasig City and the Municipality of Pateros
Appointment No. 96 (2024-2025) valid until 12/31/2025
MCLE Exemption No. VDT-BEP055234, until 04/14/28
Roll No. 46377/BP-LRN 02459; OR 535886; 06/21/2001
TIN 123-011-785; PTR 1634583AA; 01/03/24; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel. +632-86314090

COVER SHEET

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SEC Registration No.

M E T R O A L L I A N C E H O L D I N G S & E Q U I T I E S C O R P . & S U B S I D I A R I E S

(Company's Full Name)

3 5 T H F L R. O N E C O R P O R A T E C E N T R E

D O Ñ A J U L I A V A R G A S C O R. M E R A L C O

A V E S. O R T I G A S C E N T E R P A S I G C I T Y

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

Atty. Nestor S. Romulo

Contact Person

(632) 8706-7888

Contact Telephone No.

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Any day in May

Fiscal Year

FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

816

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

Annual Report: MAH

**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 **296**
3. BIR Tax Identification No. **000-130-411**
4. **METRO ALLIANCE HOLDINGS & EQUITIES CORP.**
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**
(Province, country or other jurisdiction of incorporation or organization)
6. (SEC Use only)
Industry Classification Code
7. **35th Flr. One Corporate Centre, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig**
Address of principal office
8. **Telephone No. (02) 8706-7888**
Registrant'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 – Class A	183,673,470
Common – Class B	122,448,979
Debt outstanding	709,038,443

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 – Class A
Common – Class B**

12. Check whether the issuer:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

13. Aggregate market value of the voting stock held by non-affiliates: **Php 36,425,739**

14. Not Applicable

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Metro Alliance Holdings & Equities Corp. (MAHEC or the Parent Company) is incorporated in the Philippines. The Parent Company and its subsidiaries (collectively referred to as "the Group") are involved in contract logistics. Certain subsidiaries previously engaged in the importation and distribution of polypropylene resin and pharmacy management have ceased operations.

The Parent Company was first incorporated in October 15, 1929 as a management and trading company called Marsman & Company, Inc. (Marsman). Marsman was listed on the Philippine Stock Exchange (the 'Exchange') in 1947. The Parent Company changed its name to Metro Alliance Holdings & Equities Corp. as approved by the stockholders on the annual meeting on April 6, 1999 and subsequently approved by Securities and Exchange Commission on October 11, 1999.

The new registered office address of the Parent Company is at 35th Flr. One Corporate Centre, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig City last November 2010. Amendment of Articles of Incorporation was approved by the Securities and Exchange Commission last March 14, 2016.

Status of Operation

The Parent Company and Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Island, entered into a series of acquisition transactions (see details below) to acquire ownership of the petrochemical plant of NPC Alliance Corp. (NPCA), which resulted in a 2006 disputed sale of Polymax's 60% interest in NPCA to NPC International Limited (NPCI) and Petrochemical Industries Investment Company (PIIC). Subsequently on August 27, 2013 the Parent Company and Polymax entered into a settlement agreement with NPCI, PIIC and NPC to resolve the dispute. On the basis of the settlement agreement, the previously issued 2006 consolidated financial statements of the Parent Company and its subsidiaries were restated to reflect the sale of Polymax's 60% interest in the petrochemical plant.

The remaining 20% of Polymax's interest is valued at ₱347.7 million, which is the estimated recoverable amount from the sale of investment. The realization of the Parent Company's advances to Polymax and the settlement Polymax's past due liabilities for which the Parent Company is jointly and severally liable, depends on whether sufficient cash flows can be generated from Polymax's 20% interest in NPCA, which is for sale, and from a letter of comfort issued by the Wellex Group of Companies in favor of the Company. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Acquisition Transactions

On December 4, 2003, the Parent Company entered into a Memorandum of Agreement (MOA) with Polymax, whereby the Parent Company confirmed the designation of Polymax as the acquiring company in the proposed acquisition of the senior secured debt papers of BPC from International Finance Corporation (IFC). Under the MOA, the Parent Company and Polymax agreed that (a) the acquisition of the secured debt paper would be for the account and benefit of the Parent Company; (b) the funding for the acquisition would be provided and arranged by the Parent Company; and (c) the exercise of creditor rights arising from the secured debts via foreclosure and takeover of the assets of BPC would be directed by and for the account and benefit of the Parent Company. In addition, the Parent Company would make certain advances to Polymax.

On December 19, 2003, Polymax and IFC entered into an Assignment and Transfer Agreement (the Agreement) for the purchase by the former of the senior secured debt papers of BPC. The Parent Company advanced to Polymax the initial deposit of US\$5 million, which was remitted to IFC for the assignment payment, pursuant to the terms of the Agreement. On February 11, 2004, IFC confirmed that it has received the full payment for the assignment of the senior secured debt papers of BPC.

To partially finance the Parent Company's advances relating to the Petrochemical Project, the Parent Company obtained short-term loans from local banks. With the delay in the completion of the activities

and the conditions required for the Petrochemical Project, the Parent Company was unable to pay the bank loans on maturity dates. As of December 31, 2006, the amounts payable to the banks totaled ₱866.7 million, consisting of the outstanding principal balance of ₱378.3 million and finance charges of ₱488.4 million. In 2007, these past due liabilities were unilaterally transferred to and applied against the advances made to Polymax as discussed in Note 15.

Pursuant to the Parent Company's plan of acquiring full control of BPC, instead of exercising creditor rights, the Parent Company, on April 16, 2004, entered into a Share Purchase Agreement (SPA) with BPC, Tybalt Investment Limited (TIL), BP Holdings International B.V. (BPHI) and Petronas Philippines, Inc. (PPI), with TIL as the purchaser of the 83% interest of the foreign shareholders of BPC. As agreed by the parties, the SPA is to take effect as of March 31, 2004, subject to closing conditions, as defined in the SPA, which the parties have to comply with within a period of 60 days or later if the conditions are not met.

On July 7, 2005, Polymax and BPC executed a Deed of Conveyance, transferring to Polymax under an asset for share swap, the petrochemical plant of BPC in exchange for 85 million common shares of Polymax with par value of US\$1 per share, or a total par value of US\$85 million.

On July 20, 2005, the Parent Company, Polymax and NPC International Limited (NPCI) entered into an SPA which provided that, subject to certain conditions, including the transfer of the petrochemical plant of BPC free from encumbrances, NPCI will acquire 60% of the issued share capital of NPCA from Polymax.

On August 9, 2005, Polymax and NPCA executed a Deed of Conveyance, transferring to NPCA, under an asset for share swap, the same petrochemical plant in exchange for 4.8 million shares of common stock of NPCA with a total par value of ₱4.8 billion, resulting in 100% ownership interest of Polymax in NPCA.

On November 15, 2005, BPC and Polymax executed a Deed of Assignment whereby BPC transferred and conveyed to Polymax all its rights and interest to Polymax's 85 million shares of common stock, with a total value of US\$85 million, in exchange for the discharge of a portion of BPC's secured debt, which was acquired by Polymax from IFC, up to the extent of the value of the shares transferred. Polymax retired the said shares 10 days from the date the Deed of Assignment.

On December 16, 2005, Polymax, NPCI, Petrochemical Industries Investment Company (PIIC) and the Parent Company entered into an amended SPA whereby NPCI and PIIC will purchase 40% and 20% of NPCA's shares of common stock, respectively, from Polymax. In addition to the conditions set forth in the original SPA, the amended SPA also involves advances to be provided by NPCI amounting to US\$15 million representing an advance payment which may be used to fund the bona fide third-party costs of NPCA or BPC for the recommissioning, operation and maintenance of the petrochemical plant or such other third-party cost or expenses, taxes or duties as agreed between Polymax and NPCI.

On the same date, the Parent Company, NPCI and PIIC entered into a Guarantee and Indemnity agreement whereby the Parent Company irrevocably and unconditionally guaranteed the prompt performance and observance by Polymax and the payment on demand by Polymax of all moneys, obligations and liabilities, which are now or at any time after the execution of the agreement become due from or owing or incurred by Polymax under or in connection with any of the SPA and the Shareholders' Agreement. The Parent Company also guaranteed that it shall be liable for Polymax's obligations, as if it were a principal debtor, if Polymax's obligations are no longer recoverable from Polymax.

On March 18, 2006, Polymax, NPCI, PIIC and the Parent Company entered into an Agreement of Variation (March 2006 Variation Agreement) to vary and amend the terms of the "Amended and Restated Share Purchase Agreement (ARSPA) and the Shareholders' Agreement" entered on December 16, 2005. Under the March 2006 Variation Agreement, completion of the conditions and conditions subsequent set forth in the ARSPA was extended to April 30, 2006. Moreover, additional conditions that Polymax needs to satisfy prior to completion were agreed upon.

On the same date, Polymax and NPCI executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to NPCI all the rights, title and interest in 19,090,000 NPCA shares of common stock, equivalent to 40% ownership interest, for a consideration of ₱1.91 billion.

On September 11, 2006, Polymax, NPCI, PIIC, the Parent Company and NPCA entered into another Agreement of Variation (September 2006 Variation Agreement) to further vary and amend the terms of the ARSPA and the Shareholders' Agreement (both initially amended and varied by the March 2006 Variation Agreement). Polymax, in accordance with its obligations under the ARSPA, had notified NPCI and PIIC that it is aware that certain conditions will not be fulfilled by April 30, 2006. As a result, the parties agreed to transfer to PIIC the 9,545,000 NPCA shares of common stock prior to completion, while certain conditions will become conditions subsequent to be completed on December 31, 2006.

On September 20, 2006, Polymax and PIIC executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to PIIC all the rights, title and interest in 9,545,000 NPCA shares of common stock, equivalent to 20% ownership interest, for a consideration of ₱954.5 million.

On December 31, 2006, the ARSPA Variation Agreement expired with the conditions subsequent remaining unsettled. Nevertheless, NPCI and PIIC took control of the petrochemical plant resulting in a dispute with the Parent Company and Polymax, who considered the sale of Polymax's 40% and 20% interest in the petrochemical plant to NPCI and PIIC, respectively, as null and void.

On August 21, 2007, the petrochemical plant started commercial operations under NPCI and PIIC.

Subsequently on August 27, 2013, the Parent Company and Polymax entered into a settlement agreement with NPCI, PIIC and NAC to resolve, fully and finally, the dispute arising from the uncompleted acquisition transactions described above. Under the agreement, NPCI shall, among others, pay Polymax the remaining balance of the purchase price of the 60% NPCA shares net of deductions agreed by the parties. Simultaneous with the execution of the agreement, Polymax shall also sell to NPCI an additional 20% of Polymax's interest in NPCA from the remaining 40% equity holding in NPCA at US\$8 million or its equivalent in Philippine peso. In September 2013 and August 2014, the remaining balance due to Polymax was paid by NPCI and the 20% interest of Polymax in NPCA was sold to NPCI, respectively, in accordance with the agreement.

As a result of the foregoing settlement, the arbitration tribunal issued on October 2, 2014 an order for withdrawal of the arbitration cases (under the United Nations Commission on International Trade Law Rules of Arbitration), which were earlier filed by the parties due to the dispute arising from their various agreements.

Business Development of the Subsidiaries

Operating Subsidiaries

Metro Combined Logistics Solutions, Inc. (MCLSI) (formerly GAC Logistics, Inc. (GACL)) is 51% owned by MAHEC, by virtue of a joint venture agreement with Gulf Agency Company (GAC) which owns the other 49%. MCLSI was registered with the Securities and Exchange Commission on September 30, 1998. MCLSI is primarily engaged in carrying on all or part of the business of contract logistics and supply chain management services, including third party warehousing and distribution, consultancy and project management and value added services to customers throughout the Philippines. MCLSI's business is steadily growing with the entry of new principals and additional businesses from its existing principals.

Non-operating Subsidiaries

Consumer Products Distribution Services, Inc. (CPDSI) is a wholly owned subsidiary of Metro Alliance. It was first incorporated on November 11, 1993 as Metro Drug Distribution, Inc. (MDDI). In November 7, 1997, the Securities and Exchange Commission approved the renaming of MDDI to CPDSI. Prior to 2002, CPDSI was involved in providing logistics and administrative services in connection with the sale and distribution of principals' products. The last service agreement expired in 2002. In January 2002, CPDSI shifted into the business of importation and toll manufacturing of propylene and distribution of polypropylene in the local market. In April 2003, CPDSI ceased its polypropylene business operations due to the substantial increase in prices of imported raw materials. Currently, CPDSI has no business operations.

FEZ-EAC Holdings, Inc. became a wholly owned subsidiary of the Corporation in November 11, 2002. It was incorporated in February 3, 1994. It ceased operations at the end of 2001 following the expiration of the third party logistics contract of its subsidiary with Phillip Morris Philippines, Inc.

Zuellig Distributors, Inc. is a wholly owned subsidiary of the Corporation. It ceased operations in June 30, 1999 following the expiration of its exclusive distribution agreement with its single principal. It was incorporated in October 18, 1985.

Asia Healthcare, Inc. is 60% owned by the Corporation. AHI was first incorporated in July 2, 1918. In August 2000, the Corporation invested in AHI. However, in 2002, it ceased operations due to heavy losses. The low volume and minimal margin on the sales of pharmaceutical products have not been sufficient to cover the costs of the services and products provided by AHI. Consequently, AHI was constrained to terminate contracts with its clients and cease its business operations. On December 17, 2002, AHI filed a voluntary petition for insolvency with the Pasig City Regional Trial Court (RTC). On February 27, 2003, the Pasig City RTC declared AHI as insolvent.

Bankruptcy, receivership and similar proceedings

Except for AHI which filed for insolvency in December 2002, Metro Alliance and its subsidiaries are not involved in any bankruptcy, receivership or similar proceeding.

Material reclassification, merger consolidation or purchase

There is no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Principal products and services

Metro Alliance is a publicly listed holding company with investments in shares of stock of other listed companies and investment in subsidiary involved in contract logistics and supply chain management services, including third party warehousing and distribution, consultancy and project management and value added services to customers throughout the Philippines.

Principal products or services of its subsidiaries:

MCLSI provides contract Logistics and Supply Chain Management Services to meet the business needs of major companies in the Philippines. Contract logistics and supply chain management services include third party warehousing and distribution, consultancy and project management services to multinational and local companies. Revenue contribution of each principal for the year 2023 is as follows:

PRINCIPAL	SERVICE INCOME	% to TOTAL
Zuellig Pharma Corp.	60,077,956	24.71%
Johnson & Johnson (Phils.), Inc.	38,064,519	15.65%
Zuellig Pharma Corp. - Canlubang	25,110,099	10.33%
Actimed, Inc.	18,748,190	7.71%
Beko Pilipinas Corporation	17,191,429	7.07%
Interphil Laboratories Inc	15,057,325	6.19%
Sysu International	10,375,324	4.27%
Philippine Gadgets & Accessories Inc	10,184,690	4.19%
Sojitz G Auto Philippines	7,998,452	3.29%
EL Laboratories, Inc.	5,436,486	2.24%
Skechers USA Philippines, Inc.	5,299,184	2.18%
Alaska Milk Corporation	5,147,313	2.12%
3M Philippines, Inc.	3,526,083	1.45%
Miles and Levels Philippines Inc	2,987,517	1.23%
Pascual Pharma Corporation	2,604,580	1.07%
Brenntag Ingredients, Inc.	2,283,020	0.94%
Others	13,073,448	5.38%
TOTAL	243,165,617	100.00%

Export sales

Metro Alliance and its subsidiaries are not engaged in export sales.

Distribution Methods of the Products

The core of MCLSI contract logistics services is warehouse and transport management. It leases dedicated warehouses or operates warehouses leased/owned by its principals and contracts dedicated

personnel to manage its warehouses. Its principal's products are shipped mostly in four and six-wheeler closed van through a shipping and cargo services company.

Publicly-announced new product or service

Metro Alliance and its subsidiaries have no publicly-announced new product or service.

Competition

MCLSI's main competitors include IDS Logistics, DHL-Exel, Shenker, Fast Services, Agility (formerly Geologistics) and Air 21. The quality of MCLSI's services compared to their competitors is extremely difficult to determine. However, the fact that MCLSI has been able to secure new contracts with new principals as well additional contracts with existing principals is indicative that service levels are satisfactory.

Sources and availability of raw materials and principal supplier

Since the Company ceased to have control or have sold its interest in MVC, which involves in the manufacturing of chemicals which are widely used in household applications, there are no sources and availability of raw materials and principal supplier to be disclosed.

Dependence on one or few major customers

Metro Alliance and its subsidiaries are not dependent on any one industry, company or customer. However, the Zuellig Pharma Group accounts for 20% or more of the total sales of MCLSI.

Transactions with and/or dependence on related parties

Metro Alliance has significant transactions with related parties which include the granting and availment of interest and non-interest bearing cash advances. Transactions with and/or dependence on related parties is discussed in detail in Item 12, Certain Relationships and Related Transactions, of this report.

Patent, trademark, copyright, franchise, concession or royalty agreement

Metro Alliance and its subsidiaries are not covered with any patent, trademark, copyright, franchise, concession or royalty agreement.

Government approval of principal products or services

There is no need for any further government approval on principal products of Metro Alliance and its subsidiaries. All existing permits and licenses are valid and are renewed upon expiration thereof.

Effect of existing or probable governmental regulations on the business

There are no existing or probable governmental regulations that will affect the business of Metro Alliance and its remaining operating subsidiary, MCLSI.

Estimate of the amount spent during each of the last three calendar years on research and development activities

There are no such activities in Metro Alliance and its other subsidiaries.

Costs and effects of compliance with environmental laws

Metro Alliance has secured the required permits and clearances from the Health Sanitary Department of the City Government of Pasig to comply with the applicable environmental regulations. A strict compliance with other environmental agencies such as DENR is no longer required since Metro Alliance ceased to have control or have sold its interest MVC, which has manufacturing facilities for producing chemicals.

Total Number of Full Time-Employees:

Metro Alliance

Metro Alliance has new one full-time employee.

MCLSI

	<i>Rank and File</i>	<i>Supervisors</i>	<i>Managers and up</i>	<i>Total</i>
Operations	291	14	2	307
Administrative	11	2	6	18
Total	302	16	8	326

There is no Collective Bargaining Agreement (CBA). There has been no strike or similar threat within the last three (3) years. There are no supplemental and incentive arrangements with its employees. The number of employees will be increased only upon entry of new principals and will be decreased when there's exit or end of contract with principals.

Major Risks

Metro Alliance

Capital availability, access to credit and high borrowing rates. Negotiations with local and foreign investors, both banking and non-banking institutions are currently being pursued.

Metro Alliance's financial instruments consist of cash, due from affiliates, equity instruments and due to related parties. The main purpose of these financial instruments is to finance the Metro Alliance's operations. Other financial liabilities consist of accrued expenses and other liabilities, which arise directly from the Metro Alliance's operations. The main risk arising from Metro Alliance's financial instruments are credit risk and liquidity risk. The Board of Directors reviews and approves policies for managing each of the risks.

Credit risk

It is Metro Alliance's policy to require all concerned related parties to comply and undergo a credit verification process with emphasis on their capacity, character and willingness to pay. In addition, receivables are closely monitored so that exposure to bad debts is minimized.

Liquidity risk

Metro Alliance objective is to maintain a balance between flexibility and continuity of funding. However, because of past due liabilities for which Metro Alliance is jointly and severally liable, Metro Alliance's access to funds has been limited to those of its related parties in the form of advances. Current working capital requirements will continue to be sourced from short-term loans and advances from related parties.

MCLSI

MCLSI's principal financial instruments consist of cash. The main purpose of MCLSI's financial instruments is to finance the company's operation. MCLSI has various other financial asset and financial liabilities, such as trade and other receivables, refundable deposits under other current asset, and trade and other payables and accrued expenses, which arise directly from operations.

The main risks arising from the use of financial instruments are credit risk, foreign currency risk and liquidity risk. The Board of Directors is responsible for the overall risk management approach and for approving by the Board of Directors as follows:

Credit risk

Credit risk is the risk that the MCLSI will incur a loss because its counterparties failed to discharge their contraction obligations. MCLSI manages credit risk by transacting only with entities with established good credit standing. In addition, receivable balances are monitored on a regular basis with the result that MCLSI's exposure to bad debt is not significant.

Foreign Currency Risk

Foreign Currency Risk is the risk that the values of the financial assets and financial liabilities will fluctuate due to changes in foreign exchange rate. MCLSI's exposure to foreign exchange risk results from its business transactions and assets and liabilities denominated in foreign currencies. MCLSI regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currencies denominated assets and liabilities.

Liquidity Risk

Liquidity risk is the risk that MCLSI will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit the risk, MCLSI maintains a balance between continuity of funding and flexibility through cash planning.

Additional Requirements as to Certain Issues or Issuers

Not Applicable

Item 2. Properties**Description of Property****Metro Alliance**

The Parent Company entered into a lease agreement with The Wellex Group, Inc. for a business space in the 35th floor of One Corporate Centre, Dona Julia Vargas cor. Meralco Ave., Ortigas Center Pasig City. The term of the lease is from May 1, 2020 until April 30, 2022 and was renewed for another period of two (2) years from May 1, 2022 to April 30, 2024. The leased period shall be renewable for another period of two (2) years with adjustments in the rental rates as agreed by the parties. Monthly rental for the leased premises amounts to ₱15,000, exclusive of VAT.

Following the adoption of PFRS 16, Metro Alliance recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

MCLSI

MCLSI entered into several lease agreements covering its office premises and warehouses. The terms of the lease agreements range from 1 to 5 years under renewable options. Other leases entered into include clauses to enable upward revision of the rental charged on an annual basis – based on prevailing market rates. MCLSI entered into various lease agreements all under renewable options. Details of leases of office premises and warehouses are as follows:

Lessor	Type & area	Location	Monthly Lease exclusive of 12% VAT (Php)	Lease Term
Baesa Redevelopment Corporation	Warehouse (1,532sqm)	Baesa, Quezon City	399,882.64	Mar. 1, 2023 – Feb. 28, 2024
Filipinas Benson Industrial & Development Corp.	Warehouse & office building (2,227sqm)	Tunasan, Muntinlupa City	423,130.00	Apr. 15, 2022 – Apr. 14, 2024
	Warehouse (960sqm)	Tunasan, Muntinlupa City	182,400.00	May 15, 2021 – May 14, 2023
Misons Industrial & Development Corp.	Office unit (110sqm)	Salcedo Village, Makati City	90,000.00	Feb. 1, 2023 – Jan. 31, 2024
VY Industrial Builders, Inc.	Warehouse & office building (1,045sqm)	Carmona, Cavite	495,760.00	Mar. 1, 2022 – Feb. 28, 2024
Elizabeth Calantoc Uy	Warehouse (1,600sqm)	Meycauayan, Bulacan	240,000.00	Jan. 1, 2023 – Dec. 31, 2023
Chatellane Holding Co., Inc.	Warehouse (1,877sqm)	Carmona, Cavite	401,678.00*	Nov. 7, 2019 – Nov. 6, 2024
	Warehouse (1,965sqm)	Carmona, Cavite	420,510.00*	Oct. 16, 2019 – Oct. 15, 2024
	Warehouse (2,072sqm)	Carmona, Cavite	470,411.55**	Nov. 3, 2021 – Nov. 2, 2023
	Warehouse (2,194sqm)	Carmona, Cavite	498,109.52**	Oct. 12, 2021 – Oct. 11, 2023

*at 3% escalation rate; **at 5% escalation rate

MCLSI owns and operates trucks as follows:

Model	Series	Body Type	Year Model
Isuzu	Elf	Aluminum Van Truck	2003
Isuzu	Elf	Reefer Van Truck	2001
Mitsubishi	L300 Delux c/c	FB Body	2017
Mitsubishi	L300 Delux c/c	FB Body	2017
Mitsubishi	Canter TF	Cab Chassis/Wing Van	2022
Suzuki	APG GA MT	Van	2022
Mitsubishi	Canter FE71 c/c	Aluminum Van 2023	2023

MCLSI also leases warehouse equipment. Lease term is renewable at the option of both parties. Details of the lease are as follows:

There are no planned acquisitions or lease of properties within the next 12 months.

Vendor	Warehouse Equipment	Location	Monthly Lease Exclusive of 12% VAT (Php)	Lease Term
Piston & Rings	Nichiyu Reachtruck FBRAW13-75 2.0 tons	Carmona 6th Street	41,240	Aug. 16, 2023 – Aug. 15, 2024
	TCM Reachtruck FRB14	Carmona 6th Street	44,600	Aug. 16, 2023 – Aug. 15, 2024
	Toyota Electric Counter Balance 5FB18	Carmona 6th Street	15,000	Aug. 16, 2023 – Aug. 15, 2024
	Nichiyu FBRAW 15-63 530M	Carmona 6th Street	42,480	Aug. 16, 2023 – Aug. 15, 2024
Piston & Rings	Nichiyu FBRAW 18-H75B-600MSF	Golden Mile Carmona 01-04	47,000	Aug. 16, 2023 – Aug. 15, 2024
SKOBE Lift Industrial Phils Inc.	Nichiyu Electric Reachtruck 8.5 Lifting height 1.5 tons	Golden Mile Carmona 01-04	54,000	Aug. 16, 2023 – Aug. 15, 2024
Piston & Rings	Nichiyu Reachtruck FBRW15	Camalig, Meycauayan, Bulacan	41,000	Aug. 16, 2023 – Aug. 15, 2024
Piston & Rings	Toyota 5FBRS14	Zuellig, Tunasan	44,800	Aug. 16, 2023 – Aug. 15, 2024
	Toyota Reachtruck SFBRS20-10388 2.0 tons	Zuellig, Tunasan	44,800	Aug. 16, 2023 – Aug. 15, 2024
	Nichiyu order picker RB10-458500M	Zuellig, Tunasan	44,800	Aug. 16, 2023 – Aug. 15, 2024
	Nichiyu FBR14	Zuellig, Tunasan	44,800	Aug. 16, 2023 – Aug. 15, 2024
Piston & Rings	Toyota Reachtruck 6FB615	PGA, Baesa, Quezon City	42,000	Aug. 16, 2023 – Aug. 15, 2024
	Nichiyu Counter Balance FB18P-60-300	PGA, Baesa, Quezon City	42,000	Aug. 16, 2023 – Aug. 15, 2024
Piston & Rings	Nichiyu Reachtruck FBRAW15-60B500	Warehouse 1, Tunasan	42,000	Aug. 16, 2023 – Aug. 15, 2024

Item 3. Legal Proceedings

(a) Metro Alliance vs. Commissioner of Internal Revenue

Assessment for deficiency withholding taxes for the year 1989, 1990 and 1991

On July 5, 2002, the Parent Company received a decision from the Court of Tax Appeals (CTA) denying the Parent Company's Petition for Review and ordering the payment of ₱83.8 million for withholding tax assessments for the taxable years 1989 to 1991. The Parent Company filed a Motion for Reconsideration on July 31, 2002 but this was subsequently denied by the CTA. A Petition for Review was filed with the CTA on November 8, 2002, which was also denied by the CTA. The Parent Company then appealed the decision of the CTA to the Court of Appeals (CA), which likewise denied the appeal and upheld the assessment against the Parent Company. The Parent Company, through its legal counsel, filed a Motion for Reconsideration with the CA in December 2003.

On July 9, 2004, the Parent Company received the CA resolution denying the Motion for Reconsideration. On July 22, 2004, the Parent Company filed with the CA a Motion for Extension of time to file an appeal to the Supreme Court (SC). On August 20, 2004, the Parent Company filed said appeal. On October 20, 2004, the Parent Company received the resolution of the SC denying its Petition for Review for lack of reversible error. The Parent Company filed a Motion for Reconsideration. On January 10, 2005, the SC issued an Order stating that it found no ground to sustain the Parent Company's appeal and dismissed the Parent Company's petition with finality.

On April 26, 2006, the Parent Company filed a Petition for Review before the CTA en banc. On March 7, 2007, the CTA en banc dismissed the Petition for lack of merit. The CTA en banc affirmed the CTA's decision granting the Motion for Issuance of Writ of Execution filed by the Commissioner of Internal Revenue.

As of December 31, 2023, the Parent Company has not received any order of Execution relative to this case. Accordingly, the related obligation is not currently determinable.

(b) Metro Alliance and Philippine Estate Corporation vs. Philippine Trust Company, et al., Civil Case SCA#TG-05-2519, RTC Tagaytay City Branch 18

Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, Annulment in Decrease in Interest Rates, Service Charge, Penalties and Notice of Sheriffs Sales plus Damages

On September 14, 2005, the Parent Company (MAHEC) and Philippine Estate Corporation (PHES) filed a Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, and Annulment in

Decrease in Interest rates, Service Charge, Penalties and Notice of Sheriffs Sale, plus Damages with prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction. The case stemmed from imminent extra-judicial foreclosure of four (4) mortgaged Tagaytay lots covered by Transfer Certificate of Title (TCT) Nos. T-355222, T-35523, T-35524 and T-35552 subject to the Real Estate Mortgage executed by MAHEC and PHES securing ₱280 million loan last December 2003.

On October 6, 2005, the Regional Trial Court (RTC) of Tagaytay City issued and granted the Writ of Preliminary Injunction (first injunction). The preliminary injunction issued by the RTC stopping the foreclosure was nullified by both Court of Appeals and Supreme Court, after which Philtrust proceeded to foreclose, and acquired those properties for only ₱165.8 million. When MAHEC and PHES failed to redeem, Philtrust consolidated title and Tagaytay registry issued new TCTs cancelling PHES' TCT. On October 10, 2011, MAHEC filed Notice *Lis Pendens* vs. four (4) new TCTs of Philtrust.

The case is now back to Tagaytay RTC for trial hearings under new acting Judge Jaime Santiago. MAHEC and PHES already presented witnesses. Next trial hearing was set on April 12, 2016 for presentation of plaintiff's last witness for explanation of why the checks issued in 2004 in favor of Philtrust Bank intended to settle the loan were all dishonored and were returned unpaid.

The Parent Company was able to get the formal trial started and on-going. The Parent Company's most important move was the presentation of a very competent real estate appraiser, realtor, Cesar Santos, who was able to successfully defend in court his ₱811.6 million valuation of the foreclosed Tagaytay properties. Trial hearings are on-going, and it is now defendant Bank's turn to adduce evidence. Plaintiffs have closed their evidence presentation wherein all offered evidence were admitted, over the objections of defendant Bank. At the last hearing held on December 6, 2016, defendant Bank's star witness was subjected to Plaintiff's cross examination wherein they obtained many damaging admissions against the Bank. Plaintiff's counsels' cross-examination resumed at trial hearing last April 25, 2017.

Damages sought are ₱1,000,000 as and by way of exemplary damages and ₱500,000 as and by way of attorney's fees, litigation expenses and cost of suit.

On February 21, 2019, the defense presented its second witness, Mr. Godofredo Gonzales, an appraiser of Philippine Trust Company. However, the cross-examination of the witness was reset to June 27, 2019.

On October 17, 2019, Philtrust submitted a Formal Offer of Evidence in RTC.

In 2020, the Parent Company acknowledged the obligation to PHES, which was due and demandable on June 30, 2020. The Parent Company, however, failed to pay the amount on that date, for which, legal interest has been accrued at the end of the year.

As at December 31, 2023, this is awaiting decision of the court.

- (c) MAHEC, POLYMAX & WELLEX vs. Phil. Veterans Bank., et al., Civil Case #08-555, RTC Makati Branch 145 now SC GR 2405495 and 240513
Civil Action with Damages to Nullify the Foreclosure of Property

The case is an injunction suit with damages filed on July 23, 2008 in RTC-Makati to nullify the foreclosure of Pasig lot securing a ₱350 million loan obtained by MAHEC, Polymax and Wellex. Initially, Temporary Restraining Order (TRO) and preliminary injunction was issued, but afterwards, it was lifted, enabling Philippine Veterans Bank (PVB) to foreclose. In successive certiorari cases that plaintiffs filed, both Court of Appeals (CA) and Supreme Court (SC) upheld PVB. Worse yet, due to major lapse of the plaintiff's original counsels, *lis pendens* on foreclosed Pasig lot was cancelled, and in March 2012, PVB sold the lots to Zen Sen Realty Development Corporation who got new Transfer Certificate of Title (TCT). The above case was consolidated with other case of affiliated company with the same RTC. In 2013, Parent Company's legal counsel brought Zen Sen Realty Development.

Corporation. as defendant also and prayed that the PVB sale to it be nullified. In October 2014, Parent Company's legal counsel dropped Zen Sen Realty as an unnecessary defendant, after which DECISION was rendered vs. PVB on January 9, 2015, declaring the ₱550M loan (total loan of MAHEC, Polymax, Wellex and other affiliated companies) as fully paid, and even over-paid; discharging all the mortgages, and voiding the 2012 sale made to Zen Sen. PVB was ordered to refund to plaintiffs the ₱3.25 million overpayment. PVB filed a motion for reconsideration which was denied. PVB filed Notice of Appeal to Court of Appeal on May 8, 2015, which the Parent Company's legal counsel questioned as defective, but the RTC ruled against the company in its May 12, 2015 Order.

Upon appeal thereof by both parties, the Court of Appeals rendered its Decision dated June 29, 2017, partly granting PVB's appeal, and declared that: (a) the legal interest of 12% per annum be applied to the principal amounts; and (b) that MAHEC, et al. remain liable to pay PVB the amount of ₱69.7 million as of November 2006. MAHEC, et al. filed their "Motion for Reconsideration" dated July 31, 2017. The Court of Appeals rendered its Amended Decision dated February 28, 2018, stating that the outstanding obligation of MAHEC, at al., if any, shall earn interest at 6% per annum from July 1, 2013 onwards, pursuant to Central Bank Circular No. 799. The Court of Appeals denied PVB's Motion for Reconsideration thereof in its Resolution dated July 2, 2018.

On August 24, 2018, MAHEC, et.al filed with the Supreme Court its "Petition for Review on Certiorari" dated August 22, 2018. This was consolidated with PVB's "Petition for Review" dated August 24, 2018, which was previously raffled to the Supreme Court's Third Division.

In G.R. No. 240495, Parent Company received a copy of PVB's 'Comment/Opposition' dated October 30, 2019. On December 4, 2019, MAHEC, et al. filed "Motion to Admit Reply" with attached Reply, both dated November 28, 2019.

In G.R. No. 240513, MAHEC, et al. already "Comment (On the Petition for Review dated August 24, 2018)" dated August 30, 2019.

On February 23, 2021, the case was set for the presentation of plaintiffs' evidence. However, the case was rescheduled on June 22, 2021 due to lack of return card of the notice of the hearing sent to defendant's counsel.

On April 18, 2022, MAHEC et al received the Supreme Court's Notice of Judgment dated April 4, 2022 with attached Decision dated September 15, 2021, rendered in the case which they filed to restrain PVB from foreclosing on the Pasig property. Thereafter, PVB filed its undated Motion for Reconsideration on May 5, 2022.

In its Resolution dated August 15, 2022, the Supreme Court denied PVB's Motion for Reconsideration, and issued the Entry of Judgment dated August 15, 2022 on October 13, 2022, stating that the Decision became final and executory on August 15, 2022. Thus MAHEC, et al filed their Motion for Issuance of a Writ of Partial Execution dated October 24, 2022, praying that the trial court issue a writ of partial execution.

In response, PVB filed its Opposition dated November 2, 2022, praying that MAHEC, et al.'s Motion should be denied. In its order dated November 7, 2022, the trial court partially granted MAHEC et al.'s Motion and issued a Writ of Execution of even date, ordering its Sheriff to demand the Register of Deeds, Pasig City, to: (a) cancel PVB's TCT No. 011-2010000057 over the Pasig Property; and (b) reconstitute Wellex's TCT No. PT-101589 thereover.

The parties filed their respective Motion for Partial Reconsideration. MAHEC, et. al. prayed that the order securities mortgaged to the loan must be discharged and released, as decided by the trial court in its Decision dated January 9, 2015, and attached to their Motion appraisal reports showing the amounts of reasonable rent to which Wellex is entitled. On the other hand, PVB argued in its Motion that Wellex's TCT No. PT-101589 cannot be reconstituted because the Pasig Property was already transferred to a third party, Zen Sen Realty Development Corporation. The trial court denied both Motions.

Meanwhile, the trial court's Sheriff reported to MAHEC, et.al. that despite their demand on the Register of Deeds, Pasig City, the latter was unable to reconstitute Wellex's TCT No. PT-101589 over the Pasig Property. However, on January 16, 2023, the Register of Deeds of Pasig City, subsequently complied with the Writ and: (a) reported that PVB's TCT No. 011-201000057 has already been cancelled; and (b) duly issued TCT No. 011-2023000787 over the Pasig Property, in the name of Wellex. Thus, the Decision has been partially satisfied as regards the portion of the judgment award directing the Register of Deeds of Pasig City to reconstitute the title of the Pasig Property in favor of Wellex.

Thereafter, PVB filed its "Motion for the Issuance of a Writ of Execution" dated March 10, 2023, praying that the trial court issue a writ of execution ordering MAHEC, et. al. to pay to PVB their outstanding principal obligation of Php66,202,988.64, plus interest until full payment, and/or garnish upon MAHEC, et. al.'s properties not exempt from execution in the event they refuse to pay said amounts.

In response, MAHEC, et. al. filed their Opposition dated March 28, 2023 opposing the same for being grossly premature and for utter lack of merit, considering that legal compensation may take place as regards the respective judgment awards in favor of Wellex and PVB, for reasonable rent and the amount of the outstanding loan obligation plus interest, respectively.

The cases were re-raffled to RTC-Makati, Branch 56. Upon MAHEC, et al.'s motion, in its Order dated August 10, 2023, the presiding judge of RTC-Makati, Branch 56 voluntarily inhibited himself from presiding in this case because he was formerly part of Wellex's corporate counsel. Thus, these cases were re-raffled to RTC-Makati, Branch 142, on August 22, 2023.

As of to date, the following judgment awards from the Supreme Court's Decision have not yet been executed: (a) the amount of reasonable rent owed by PVB to Wellex over the Pasig Property, for which MAHEC, et al. submitted the "Appraisal Report CPAC File No. 22-C347-B" Retrospective as of December 2021 and November 2022 on the Pasig Property, to aid the trial court's computation; and (b) MAHEC, et al.'s outstanding principal obligation to PVB in the amount of Php66,202,988.64 plus interest.

At the hearing on November 16, 2023, MAHEC et al. presented their witness who identified the Judicial Affidavit dated November 9, 2023. Thereafter, MAHEC, et al. filed their "Motion to Recall" with attached "Second Judicial Affidavit" both dated December 6, 2023.

The schedule of hearings for the presentation of evidence to ascertain reasonable rent was set in the next succeeding months.

As of December 31, 2023, the parties are preparing for the scheduled hearings.

- (d) MAHEC, POLYMAX, Renato B. Magadia (Metro Group/plaintiffs) vs NPC International Limited, et al. (NPC Group/defendants) Civil Case No. R-PSG 19-02106, RTC Pasig City Branch 159 and related cases
Corporate Mismanagement and Damages with Application for Temporary Restraining Order and Injunction

On August 1, 2019, MAHEC together with co-plaintiffs, Polymax Worldwide Limited (Polymax) and Renato B. Magadia instituted a civil case in the Regional Trial Court (RTC) of Pasig City – Branch 159 against NPC International Limited (NPCI), NPC Alliance Corporation (NPCA), et. al. docketed as Civil Case No. R-PSG 19-02106CV for mismanagement and damages, restitution of 80% equity in NPCA, deletion from the accounting books and financial statements of NPCA the accounts due to Parent Company and trade payables due to NPCI and PGPCI as reflected in the audited financial statements of NPCA, reimbursement of total accumulated losses as reflected in 2018 audited financial statements of NPCA as well as reimbursement of opportunity losses in the amount of Php100 million.

After failure of settlement in both Mediation and Judicial Dispute Resolution proceedings, the case is now set for pre-trial. The Pre-Trial hearing was set originally on August 1, 2023. However, due to the ongoing compromise talks between the parties, both parties filed two (2) Joint Motion to Cancel and Reset Hearing on July 31, 2023 and October 31, 2023. Both Joint Motion were granted by the Court. Hence, the Pre-Trial hearing is scheduled on January 30, 2024.

On the other hand, NPCI filed a countersuit with the Permanent Court of Arbitration at the Hague. This counter suit prays for payment by the MAHEC and Polymax of costs and damages that the NPCI has incurred for the preservation of the Bataan polyethylene plant from 2018 to the date of the award. MAHEC and Polymax questioned the jurisdiction of the Permanent Court of Arbitration. Nonetheless, the arbitral court refused to bifurcate the issue on jurisdiction but proceeded with the arbitration proceedings. As a matter of courtesy, but without prejudice to its position that they are not subject to the jurisdiction of the Honorable Tribunal, MAHEC and Polymax submitted all its Replies on the arguments presented by NPCI. Due to the ongoing compromise talks between the parties, both parties agreed to suspend the proceedings for a period of three (3) months.

- (e) Metro Alliance Holdings & Equities Corporation, Polymax Worldwide Limited, And Renato B. Magadia vs. Regional Trial Court-Pasig (Branch 159), NPC Alliance Corporation, Amir Hatami Ramsheh, Homayoon Izadi, and Rannier Espino G.R. No. 261861

Pending before the Supreme Court is MAHEC's Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court docketed as G.R. No. 26186 to nullify and set aside the Resolution dated July 28, 2021 and Resolution dated June 3, 2022 of the Court of Appeals (CA) former Twelfth Division in the case of CA-GR SP. No. 166958. On May 19, 2023, MAHEC, through counsel, received Supreme Court's Resolution dated February 22, 2023 denying MAHEC's Petition for lack of merit. On June 5, 2023, MAHEC, through counsel, filed a Motion for Reconsideration asking the Honorable Court to consider its Resolution dated February 22, 2023. The aforesaid Motion is pending before the Court.

- (f) There are other pending minor legal cases against the Parent Company. Based on the facts of these cases, management believes that its positions have legal merits and the resolution thereof will not materially affect the Parent Company's financial position and result of operations.

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

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The principal market of Metro Alliance Holdings & Equities Corp.'s common equity is the Philippine Stock Exchange (PSE) where it was listed 1947. The high and low sales prices by quarter for the last three (3) years are as follows:

		Class A		Class B	
		High	Low	High	Low
2023	First Quarter	0.84	0.65	0.84	0.65
	Second Quarter	0.68	0.51	0.66	0.66
	Third Quarter	0.52	0.52	0.50	0.50
	Fourth Quarter	0.455	0.455	0.50	0.50
2022	First Quarter	1.19	0.95	1.19	0.95
	Second Quarter	1.00	0.90	1.00	0.90
	Third Quarter	0.81	0.73	0.81	0.73
	Fourth Quarter	0.66	0.64	0.66	0.64
2021	First Quarter	4.08	1.84	4.08	1.84
	Second Quarter	2.64	1.93	2.64	1.93
	Third Quarter	2.36	1.40	2.36	1.40
	Fourth Quarter	1.75	1.02	1.75	1.02

The high, low and close market prices are ₱0.57 as of April 24, 2024 (latest practicable trading date) for Class "A" shares while the high, low and close market prices are ₱0.51 as of March 5, 2024 (latest practicable trading date) for Class "B" shares.

Holders

There are 306,122,449 shares outstanding: 183,673,470 shares are Class "A" and 122,448,979 shares are Class "B". As of December 31, 2023, there are 633 holders of Class "A" shares and 417 holders of Class "B" shares.

Top 20 Stockholders As of December 31, 2023

	Stockholder's Name	Number of Shares		% to
		Class A	Class B	Total
1	PCD NOMINEE CORPORATION (FILIPINO)	43,379,501	30,681,958	24.193
2	CRESTON GLOBAL LIMITED		56,378,388	18.417
3	CHESA HOLDINGS INC.	40,500,000		13.230
4	PACIFIC WIDE REALTY & DEVELOPMENT CORP.	31,498,000		10.289
5	FORUM HOLDINGS CORPORATION	14,442,356	13,432,644	9.106
6	PACIFIC CONCORDE CORPORATION	6,329,500	9,503,908	5.172
7	REXLON REALTY GROUP, INC.	12,200,000	2,673,112	4.859
8	CHARTERED COMMODITIES CORP.	11,296,000		3.690
9	MIZPAH HOLDINGS, INC.	10,128,700		3.309
10	WILLIAM GATCHALIAN	2,091,000	1,481,500	1.167
11	PACIFIC REHOUSE CORP.	1,258,000	1,670,000	0.956
12	FORUM HOLDINGS CORPORATION	1,934,500		0.632
13	PCD NOMINEE CORPORATION (NON-FILIPINO)		1,521,789	0.497
14	TIN FU OR TRAJANO		820,000	0.268
15	CTBC TA# 5-C184: ZUELLIG CORP.	684,829		0.224
16	VICTOR GAN SY	400,000	200,000	0.196
17	W. DUMERMUTH		472,600	0.154
18	VICTOR G. SY	178,000	290,000	0.153
19	AB CAPITAL & INVESTMENT CORPORATION	162,000	268,000	0.140
20	MARY ANGUS BROWN		309,910	0.101

Dividends

No dividends were declared by Metro Alliance in the last two fiscal years and in the interim period. There are no restrictions that limit the ability to pay dividends.

Recent sales of unregistered or exempt securities

There are no recent sales of unregistered or exempt securities.

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

In the previous management letter, the Company cited several factors that brought about positive developments for the Company. The management summarized the projected plans.

Projected Plan for next 12 months

The Parent Company still holds 20% interest in NPC Alliance Corporation (NPCAC) as of December 31, 2022. While this investment is still realizable at substantially higher value than the stated in the books, sufficient provision for possible loss have already been recorded. Over the past years, it has been determined that the present global petrochemical market conditions have had a dampening effect on the viability of the polyethylene business, especially when coupled with the difficulty in sourcing ethylene feedstock. This, coupled with the perceived inability of the Company's Iranian partners to manage the business properly, has resulted in the closure of the Company's Bataan polyethylene plant. In order to protect Company's interest, the Company have filed legal suits against the partners in NPCAC in order to establish full accountability. Under the oversight of the Regional Trial Court, the Company has opted to discuss some settlement options with the Iranians via the mediation and judicial arbitration processes, and the Company is still hopeful that the parties can arrive at a quick and acceptable solution to the matter at the soonest time. The proposals of Metro Alliance/Polymax is still under consideration by Persian Gulf Petrochemical Industries Corporation (PGPIC), the majority shareholder of NPCA. Under the oversight of the Regional Trial Court, the Parent Company have opted to discuss the options with the Iranians via the judicial arbitration processes, and the Parent Company is still hopeful that the parties can arrive at a quick and acceptable solution to the matter at the soonest time. Despite the shutdown of the polyethylene plant, rest assured that adequate system maintenance measures are kept in place by NPCAC management in order to prevent the physical corrosion of machinery and equipment.

MAHEC's remaining operating subsidiary, Metro Combined Logistics Solutions, Inc. (MCLSI), has steadily grown with additional business from its existing principals. The pandemic, however, has forced the company to reevaluate its operational costs in order to remain competitive in the logistics industry. Furthermore, MCLSI management has tightened its audit and control measures in order to streamline operational lapses. As a means of diversification, MCLSI is also exploring business opportunities in the transport field, including computer app solutions, warehousing and cold storage; in medical distribution and pharmaceutical business logistics, operation of hospice care and management of medical clinics, importation of medical equipment; and also, in document storage, car parking, sea travel, river ferry and airport/seaport terminal management.

Actions of the Company

The Parent Company reiterate several actions were taken to conserve the Parent Company's resources and build confidence for its business direction and is working out the timing of the formal filings for these actions with the SEC:

- a) Commitment by the majority shareholders of the Parent Company to guaranty the recoverable value of the remaining "assets for sale" in its books in order that the Parent Company's equity be preserved;
- b) Pressing the majority shareholders of NPCA to write down the obligation of NPCAC to its principal shareholders to pave the way for restructured financial statements;
- c) Increasing the number of Board Directors from 7 to 9 in order to pave the way for a broader representation of stakeholders;
- d) Removing the "A" and "B" classification of the Parent Company shares to integrate common shares into just one class;
- e) Working out a stock rights offer for take advantage of unissued shares from our authorized capital stock.

After the conduct of stock right offering, the Parent Company will pursue its pending application with the SEC to increase its authorized capital stock to ₱5 billion, in order to meet its projected investments. In sum, the Parent Company is expected to satisfy its cash requirements to finance its projected plans and investments in new ventures throughout the calendar year 2024.

Realization of Outstanding Receivables from Polymax Worldwide in the Amount of ₱347,720,000 as of December 31, 2023

If ever the negotiations with the Iranians will stall, these are other alternatives to address the issue. In order that this outstanding receivable will be fully recovered, a payment via dacion of the remaining 20% NPCA shares held by Polymax in NPC Alliance may be assigned to Metro Alliance, thus, making the Parent Company the direct shareholders of NPCA.

In 2023, provision for estimated credit losses amounting to ₱227 million was recognized in compliance with the requirements of PFRS 9.

Manpower Requirements

The Group does not expect significant changes in the number of employees as it is still in the stage of exploring new business opportunities. Manpower will be outsourced if needed.

Capital Asset Acquisition

The Group will make purchases of equipment and machines in the future if needed especially when investment in mining industry will materialize.

COVID-19 Impact

The impact of COVID-19 has greatly lessened in 2023. The Group's management has determined that COVID-19 no longer presents a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern.

Therefore, the financial statements continue to be prepared on the going concern basis.

Management's Discussion and Analysis

Key Performance Indicators

Metro Alliance and its majority-owned subsidiaries key performance indicators follow:

Metro Alliance

1. Net income
2. Earnings per share – net income attributable to each share of common stock. (net income / weighted number of shares outstanding)
3. Return on average equity – ability to generate returns on investment of stockholders. (net income / average equity)
4. Debt to total asset ratio – the proportion to total assets financed by creditors. (total debt / total assets)
5. Debt to Equity ratio – an indicator of which group has the greater representation in the assets of the company (total debt / equity)

Metro Alliance (Parent Company) registered a net loss of ₱5.6 million, ₱5.6 million and ₱175.3 million in 2023, 2022 and 2021, respectively. Decrease in net loss in 2023 as compared in 2022 is mainly attributed by the recognition of provision for estimated credit losses, as required under PFRS 9, in 2021.

Decrease in net loss in 2023 as compared in 2022 by ₱29,780 is mainly attributable to decrease in professional fee by ₱611,369, increase in entertainment by ₱1,118,297, decrease in provision for credit losses by ₱1,290,259, decrease in provision for impairment by ₱73,285, decrease in office supplies by ₱20,293, increase in personnel cost by ₱233,623, increase in other expenses by ₱271,614 and decrease in income tax benefit by ₱341,892.

Comparative analysis of Metro Alliance's key performance indicators follows:

Performance indicator	December 31		
	2023	2022	2021
Earnings (loss) per share (in Php)	(0.02)	(0.02)	(0.57)
Return (loss) on average equity	(0.16)	(0.14)	(1.33)
Debt to total assets ratio	0.93	0.92	0.90
Debt to equity ratio	13.33	10.80	9.25

MCLSI

1. Profitability

- a. Gross profit margin – measures the profitability of revenues (services) in relation to the cost of services. (gross profit / revenues)
- b. Net profit margin – ability to generate surplus for stockholders. (net income / sales)
- c. Return on assets – ability to generate returns from assets. (net income / assets)
- d. Return on equity – ability to generate returns on investment of stockholders. (net income / stockholders equity)

2. Liquidity ratios

- a. Current ratio – capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)
- b. Receivables turnover and days' sales in receivables – measures the ability to collect receivables. (net credit sales / average trade receivables) (365 days / receivables turnover)

MCLSI's profitability is more favorable in 2023 as compared to 2022 and 2021. This is mainly due to the increase in the Company's revenue. The favorable profitability is attributable to rental fees and adhoc and reimbursable charges for the year.

Comparative analysis of MCLSI's key performance indicators follows:

Performance indicator	December 31		
	2023	2022	2021
<u>Profitability</u>			
a. Gross profit margin	0.167	0.184	0.177
b. Net profit margin	0.007	0.053	0.058
c. Return on assets	0.007	0.062	0.060
d. Return in equity	0.013	0.131	0.144
<u>Liquidity</u>			
a. Current ratio	1.030	2.369	1.868
b. Receivables turnover	1.879	2.48	2.17
c. Days' sales in receivables	194	147	168

CPDSI, FEZ-EAC, ZDI and AHI

Currently, CPDSI, FEZ-EAC, ZDI and AHI have no performance indicators because these are non-operating companies as mentioned above. Management is considering a rationalization plan to address the future of these non-operating companies.

Financial Highlights

The following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHL.

The table below shows the consolidated financial highlights of Metro Alliance and subsidiaries for the years ended December 31, 2023, 2022 and 2021:

Balance Sheet	As of December 31 (In Php'000)		
	2023	2022	2021
Current assets	₱241,409	₱252,368	₱236,016
Noncurrent assets	463,746	496,497	506,942
Total Assets	705,155	748,865	742,958
Current liabilities	283,676	306,088	320,565
Noncurrent liabilities	425,362	441,517	433,381
Total Liabilities	709,038	747,605	753,946
Stockholder's Equity	(3,883)	1,260	(10,988)
Total Liabilities and Stockholder's Equity	₱705,155	₱748,865	₱742,958

Income Statement	As of December 31 (In Php'000)		
	2023	2022	2021
Sales and services	₱243,165	₱334,134	₱293,463
Cost of sales and services	(202,467)	(272,785)	(241,599)
Gross profit	40,698	61,349	51,864
Finance income	112	70	71
Finance costs	(1,483)	(2,759)	(2,630)
Other income	159	180	2,152
General and administrative expenses	(41,923)	(40,820)	(259,364)
Net income (loss) before tax	(2,437)	18,020	(207,907)
Income tax – Current	(1,396)	(6,737)	(4,947)
Deferred	(109)	683	55,956
Net income (loss) after tax	(3,942)	11,967	(156,898)
Net income (loss) attributable to:			
Equity Holders of the Parent Company	(4,780)	3,323	(165,082)
Non-controlling interest	838	8,644	8,184
	(3,942)	11,967	(156,898)
Earnings (Loss) Per Share Attributable to holders of Parent Company	(₱0.016)	₱0.011	(₱0.539)

The Group is exploring business opportunities. As of report date, biggest contributor to the Group's revenue is its logistic arm, MCLSI when it steadily growing for the past several years after. The Group will reorganize its operations; evaluate its remaining assets; review all pending legal cases; and settle and resolve its outstanding issues with other regulatory government bodies. The Group will focus on traditionally stable industries or sunrise sectors in order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

CHANGES IN OPERATING RESULTS

Net Income and Earnings (Loss) Per Share

The Group registered a consolidated net loss of ₱3.94 million in 2023 as against net income of ₱11.97 million in 2022 and net loss of ₱156.9 million in 2021. The decrease in net income for 2023 as compared to 2022 was due to the significant decrease in sales. Net loss was recognized in 2021 as compared to 2022's net income due to recognition of provision for estimated credit losses, which is required by PFRS 9. Earnings (loss) per share for 2023, 2022 and 2021 for equity holders of the Parent Company are

(P0.016), P0.011 and (P0.539), respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

Sales and Services

The Group registered gross service revenue of P243.2 million, P334.1 million and P293.5 million for the years ended December 31, 2023, 2022 and 2021, respectively, with a decrease in revenue by P90.9 million or 27.21% due to some clients who did not renewed their lease contracts with MCLSI like Nutri Asia, Inc., Beko, Brentagg Ingredients, Inc. and Bonflex Packaging Corp. which contributed P116.36M in revenue in 2022 (Note 25).

Cost of Sales and Services

Total cost of sales and services for the years 2023, 2022 and 2021 amounted to P202.5 million, P272.8 million and P241.6 million, respectively. A decreased by P70.30 million or 25.77% was mainly attributable to net effect of the following: decrease of personnel cost by P20.3 million, decrease in rent and utilities expense by P17.8 million, decrease in transportation by P19.5 million, decrease in depreciation by P3.4 million, decrease in security services by P4.5 million, decrease in outside services by P2.2 million, decrease in repairs and maintenance by P1.5 million, decrease in taxes and licenses by P0.1 million, decrease in communication and office supplies by P0.05 million and decrease in other expenses by P0.95 million (Note 26).

Finance and Other Income, Net

Net of finance income/(loss) and other income/(loss) for the years 2023, 2022 and 2021 amounted to (P1.2 million), (P2.5 million) and (P0.4 million), respectively. Decrease of finance loss in 2023 by P1.3 million or 52% was due to the following; increase in finance income by P0.05 million, decrease in finance cost by P1.3 million and decrease in other income by P0.05 million (Note 27).

General Administrative Expense

General Administrative expenses for the years 2023, 2022 and 2021 amounted to P41.9 million, P40.8 million and P259.4 million, respectively. Increase by P1.1 million was mainly attributable to the following net effect: decrease in provision for credit losses by P1.3 million, increase in personnel cost by P0.3 million, increase in communication and office supplies by P0.05 million, increase in taxes and licenses by P0.1 million, increase in professional fee by P0.7 million, increase in depreciation expense by P0.3 million, decrease in rent and utilities by P0.2 million, decrease in amortization of intangible assets by P0.05 million, increase in entertainment by P3.4 million, decrease in insurance by P0.2 million, decrease in provision for impairment by P0.1 million, decrease in transportation by P0.2 million and increase in other expenses by P1.8 million (Note 28).

CHANGES IN FINANCIAL CONDITION

As discussed in Note 3 to the Consolidated Financial Statements, the following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI. A subsidiary is an entity in which the Company has control. Subsidiaries are consolidated from the date on which control is transferred out of the Company.

Polymax is the Company's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPCA which resulted in a 2006 disputed sale of Polymax's 60% interest in NPCA to NPC International Limited (NPCI) and Petrochemical Industries Investment Company (PIIC). Subsequently on August 27, 2013 the Company and Polymax entered into a settlement agreement with NPCI, PII and NPC to resolve the dispute. On the basis of the settlement agreement, the previously issued 2006 consolidated financial statements of the Company and its subsidiaries were restated to reflect the sale of Polymax's 60% interest in the petrochemical plant.

The remaining 20% of Polymax's interest which is valued at P366.2 million, which is estimated recoverable amount from the sale of investment. The realization of the Company's advances to Polymax (a special purpose entity in 2007) and the settlement Polymax's past due liabilities for which the Company is jointly and severally liable, depends on whether sufficient cash flows can be generated from Polymax's 20% interest in NPCA, which is for sale, and from a letter of comfort issued by the Wellex Group of Companies in favor of the Parent Company. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. As explained in the notes to

financial statements, management's plan is to infuse additional capital to address the going concern uncertainty.

Assets

Cash and cash equivalents for the years 2023 and 2022 amounted to ₱50 million and ₱53.5 million, respectively. Decrease by ₱3.5 million or 6.54% in 2023 is net effect of net cash flows from operating activities amounting ₱27.1 million, net cash flows from investing activities of (₱7.2 million) and net cash flows for financing activities of (₱23.4) million (Note 12).

Receivables amounted to ₱165.3 million in 2023 and ₱178.5 million in 2022 (net of allowance for doubtful accounts of ₱149.4 million and ₱149.3 million as of December 31, 2023 and 2022, respectively). Net trade and other receivables increase by ₱13.2 million or 7.39% (Note 13).

Other current assets amounted to ₱26.1 million in 2023 and ₱20.4 million in 2022 (net of allowance for probable losses of ₱14.7 million and ₱14.6 million for 2023 and 2022, respectively. Increase by ₱5.7 million or 27.94% was mostly due to the increase in creditable withholding taxes by ₱0.1 million, decrease in input taxes by ₱0.1 million and increase in prepayments ₱5.7 million (Note 14).

Advances to Related Party. In 2021, the account was reclassified from Asset held for sale to Advances to Related Parties - Polymax due to its nature of account. Total amount is ₱347.7 million (net of allowance of credit losses of ₱227.4 million, ₱227 million in 2023 and 2022, respectively), which constitute 49% and 46% of the Group's total assets as of December 31, 2023 and 2022, respectively. In 2021, provision for estimated credit losses on Advances to Polymax was recognized in compliance with the requirements of PFRS 9. This represents advances to Polymax, the Group's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA). During 2023, 2022 and 2021, the Company made additional collections of the advances from Polymax amounting to ₱690,908, ₱3,786,176, and ₱11,369,681, respectively (Note 15).

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱18 million in 2023, ₱19.2 million in 2022 and ₱19.2 million in 2021. This account includes shares of stocks owned in publicly-listed company and non-listed entity. The fair value of these shares has been determined directly by reference to published prices in the active market (Note 16).

Property, plant and equipment-net amounted to ₱24.2 million and ₱56.1 million in 2023 and 2022, respectively with a decrease in property, plant and equipment by ₱31.9 million primarily due to depreciation of right-of-use asset. The Group has no outstanding contractual commitments to acquire certain property and equipment as of December 31, 2023 and 2022. In 2023 and 2022, the Group carried out a review of the recoverable amounts of its property and equipment. The Group has determined that there is no indication that an impairment loss has occurred on its property and equipment. In 2022, a Group subsidiary's adjusted its Right-of-use account to effect the overstatement of the account, its accumulated depreciation of right-of-use asset and lease liability amounting to ₱29,918,908 and ₱40,948,619, respectively due to early termination of the lease contract during 2022. None of the properties were pledged or mortgaged as collateral to secure any of the Company's loans. (Note 17).

Other non-current assets for the years 2023 and 2022 amounted to ₱11.7 million and ₱11.3 million, respectively. Increase by ₱0.4 million or 3.54% is due to the increase of refundable deposits and intangible assets. This account consists of intangible asset pertaining to non-exclusive software license cost for use in MCSLI's warehouse management system and non-current portion of refundable deposits (Note 18).

Liabilities

Current Liabilities

Accounts payable and accrued expenses for the years 2023 and 2022 amounted to ₱269.8 million and ₱288.9 million, respectively. Trade payables are noninterest bearing and have credit terms of 30 to 60 days. Accrued expenses include provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered. Provisions relate to pending claims jointly and severally against the Parent Company and

Polymax and pending claims and tax assessment solely against the Parent Company. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the related claims and tax assessments. The net decrease for year 2023 by ₱19.1 million or 6.61% is attributable to decrease in trade payables by ₱19.4 million, increase in accrued expenses by ₱2.2 million and decrease in other current liabilities by ₱1.9 million. Other liabilities mainly pertain to payable to government agencies. These liabilities are unsecured and noninterest-bearing (Note 19).

Noncurrent Liabilities

Accrued expenses – noncurrent portion amounted to ₱123,438,803 which composed of management fee and reserve for contingency BIR (Note 19).

Lease Liability is the liability recognized in relation to the adoption of PFRS 16. As of December 31, 2023, the Company's determined incremental rate used is between 3% and 5%. Current lease liability amounted to ₱13.1 million and ₱16.5 million in years 2023 and 2022, respectively. Noncurrent portion of Lease liability amounted to nil and ₱24.5 million in years 2023 and 2022. Interest expense pertaining to lease liability amounted to ₱1,483,268 and ₱2,758,781 for the years ended December 31, 2023 and 2022, respectively (Note 20).

Due to related parties - current for the years 2023 and 2022 amounted to ₱0.7 million and ₱0.7 million, respectively. *Due to related parties - noncurrent* for the years 2023 and 2022 amounted to ₱286.6 million and ₱280.7 million, respectively. In 2020, The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% interest per annum until the maturity date of March 15, 2026. The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2023 and 2022, interest incurred amounted to ₱5,260,007. The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms (Note 30)

Accrued retirement benefit cost amounted to ₱15.4 million and ₱12.9 million as of December 31, 2023 and 2022. MAHEC and MCLSI has unfunded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date. There is no provision for retirement benefit for 2022 as the management determined that current accrual is sufficient enough to cover retirement benefits of remaining employees. The Group expects no contributions are to be made yet in the future years out of the defined benefit plan obligation. In 2020, the Board of Directors approved to write-off the remaining retirement benefit payable of the Parent Company since it has no longer have employees. (Note 29).

Cumulative Deficit is an account that consists of cumulative balance of periodic earnings and prior period adjustments, if any. In 2023 and 2022, the Group recognized provision for estimated credit losses of ₱227.4 million ₱227 million, respectively, on advances to a related party which contributes to the material losses for the year. The provision is in compliance with the requirements of PFRS 9 (Note 24).

(i) Summary of Material Trends, Events and Uncertainties

The accompanying consolidated financial statements have been prepared assuming that Group Company will continue as a going concern.

As of December 31, 2023 and 2022, the Group has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands, amounting to ₱347.7 million, relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including interest and penalties, amounting to ₱994.7 million as of December 31, 2023 and 2022, respectively, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition of the petrochemical plant, and applied these against the Parent Company's advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions. The remaining 20% of Polymax's interest in the petrochemical plant is for sale. The realization of the Parent Company's advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPC Alliance Corporation (NPCA).

Asset held for sale was reclassified to its correct account which is Advances to related parties amounting to ₱347.7 million and ₱347.7 million (net of allowance of credit losses of ₱227.4 million and ₱227 million) for years ended December 31, 2023 and 2022, respectively, which constitute 49% and 46% of the Group's total assets as of December 31, 2023 and 2022, respectively. This advances represent advances to Polymax, the Group's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA).

The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. Management's plan is to infuse additional capital to address the going concern uncertainty.

(ii) Events that will Trigger Direct Contingent or Financial Obligation

Having resolved its disputes with foreign parties involved in the Bataan petrochemical project there are no additional known events that will trigger direct or contingent financial obligation that is material to Metro Alliance, including the default of acceleration of an obligation.

(iii) Material Off-balance Sheet Transactions, Arrangements, Obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of Metro Alliance with unconsolidated entities or other persons created during the reporting period. Completed transactions in connection with our investment in the petrochemical project were fully disclosed in the audited consolidated financial statements.

(iv) Commitment for Capital Expenditures

Since CPDSI has ceased operations and MVC ceased to be a subsidiary of MAHEC, the Group has no commitment for capital expenditures.

(v) Any Known Trends, Events of Uncertainties (Impact On Net Sales / Net Income)

Since CPDSI, AHI, FEZ-EAC and ZDI have ceased commercial operations and MCLSI is the only operating subsidiary among the Group, sales will rely solely on MCLSI's results of operations.

The Group registered a consolidated net loss of ₱3.94 million in 2023 as against net income of ₱11.97 million in 2022 and net loss of ₱156.9 million in 2021. The decrease in net income in 2023 as compared to 2022 was due to significant decrease in sales of services due to major clients that didn't renewed their lease contracts with MCLSI. Net loss was recognized in 2021 as compared to 2022's net income due to recognition of provision for estimated credit losses, which is required by PFRS 9. Earnings (loss) per share for 2023, 2022 and 2021 for equity holders of the Parent Company are (₱0.16), ₱0.011 and (₱0.539), respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

The Group registered gross service revenue of ₱243.2 million, ₱334.1 million and ₱293.5 million for the years ended December 31, 2023, 2022 and 2021, respectively, with a decrease in revenue by ₱90.9 million or 27.21% due to some clients who did not renewed their lease contracts with MCLSI like Nutri Asia, Inc., Beko, Brentagg Ingredients, Inc. and Bonflex Packaging Corp. which contributed ₱116.36M in revenue in 2022.

(vi) Significant Element of Income or Loss That Did Not Arise from Continuing Operations.

There is no significant element of income or loss that did not arise from continuing operations.

(vii) Material Changes on Line Items in the Financial Statements

Material changes on line items in the financial statements are presented under the captions “Changes in Financial Condition” and “Changes in Operating Results” above.

The Group adopted PFRS 16 on the year 2019 which reported a Right-of-Use Asset and Lease Liability (Note 17 and 20) and PFRS 9 on the year 2021 for the recognition of Probable of Estimated Credit Losses.

(viii) Effect of Seasonal Changes in the Financial Condition or Results of Operations of the Corporation

The financial condition or results of operations is not affected by any seasonal change.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Other Relevant Information

PFRS 16, *Leases* – This standard will replace PAS 17, *Leases* and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees’ consolidated statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

The Group has initially adopted all the requirements of PFRS 16 Leases from January 1, 2019 (Note 3).

Starting 2021, the Group recognized Provision of Estimated Credit Losses which was a requirement in PFRS 9.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
External Audit Fees and Services

Audit and related fees including VAT for Metro Alliance are ₱431,200 for the year 2023 and ₱418,880 for the year 2022 for expressing an opinion on the financial statements and assistance in preparing the annual income tax return, in addition, to bring to the attention of management, any deficiencies in internal control and detected misstatements and fraudulent or illegal acts.

Audit committee’s approval policies and procedures for the above services – the committee will evaluate the proposals from known external audit firms. The review will focus on quality of service, commitment to deadline and fees as a whole, and no one factor should necessarily be determinable.

Changes and disagreements with Accountants on Accounting and Financial Disclosure

No independent accountant who was previously engaged as the principal accountant to audit Metro Alliance financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed in the two most recent fiscal years or any subsequent interim period. Furthermore, there was no disagreement with the former accountant on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

PART III– CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors, including Independent Directors, and Executive Officers

There are seven (7) members of the Board, two (2) of whom are independent directors. The term of office of each director is one (1) year.

The current Directors and Executive Officers are as follows:

Name	Age	Citizenship	Position and Office	Yrs of Service
Elvira A. Ting	63	Filipino	Chairman of the Board/Director	2019-Present
Kenneth T. Gatchalian	47	Filipino	President/Director	2019-Present
Lamberto B. Mercado, Jr.	59	Filipino	Compliance Officer/Director	2003-Present
Aristeo R. Cruz	57	Filipino	Independent Director	2015-Present
Reno I. Magadia	53	Filipino	Director	2009-Present
Nestor S. Romulo	78	Filipino	Corporate Secretary/Director	2004-Present
Byoung Hyun Suh	67	Korean	Independent Director	2016-Present
Richard L. Ricardo	60	Filipino	VP for External Affair / Corporate Treasurer	2014-Present 2021-Present
Annabelle T. Abunda	47	Filipino	Finance Officer	2014-Present

Business experience during the past five (5) years and other directorships.

Name	Company	Position
Elvira A. Ting Chairman/Director Filipino 63 years old BS in Business Administration Major in Management Philippine School of Business Administration	Waterfront Philippines, Inc. Wellex Industries, Inc. Acesite (Phils.) Hotel Corp. Forum Pacific, Inc Philippine Estates Corp. Orient Pacific Corp. Crisanta Realty Dev't. Corp. Recovery Dev't Corp. The Wellex Group, Inc. Plastic City Industrial Corp. Waterfront Manila Premier Dev't, Inc. Rexlon Realty Group, Inc. Pacific Rehouse Corp. Westland Pacific Properties Corp. Heritage Pacific Corp. Palawan Estate Corp. Poly Premier Property Dev't Corp. Wanda Prime Property Dev't, Inc. Bocau Prime Estate Corp. Bulacan Fortune Land Dev't Corp. Taguig Lake City Dev't Corp. Country Garden Agri-Tourism Dev't, Inc. Alliance Energy Power & Dev't Corp. North Luzon Premier Dev't Corp. Shangrila Global Estate Ventures Corp. Aristocrat Manila City Holdings, Inc. Seabrook Resources & Dev't, Corp.	Corp. Treasurer/Director Vice President/Director Corp. Treasurer/Director President/Director President/Director Chairman/Director Chairman/President/Director Corp. Treasurer/Director Corp. Treasurer/Director Corp. Treasurer/Director Corp. Secretary/Director Chairman/President/Director Corp. Treasurer/Director Asst. Corp. Sec./Director Chairman/President/Director Asst. Corp. Sec./Director Corp. Treasurer/Director President/ Director President/ Director Chairman/President/Director President/ Director Corp. Treasurer/Director Corp. Secretary/Director President/ Director Chairman/Director President/Director Corp. Treasurer/Director
Kenneth T. Gatchalian President/ Director Filipino 47 years old B.S. in Architecture	Wellex Industries, Inc. Waterfront Phils., Inc. Waterfront Manila Premier Dev,t., Inc. Acesite (Phils.) Hotels Corp.	President/Director President/Director President/Director President/Director

University of Texas, USA	Philippine Estates Corp. The Wellex Group, Inc. Forum Pacific, Inc. Orient Pacific Corp. Wellex Mining Corp. Westland Pacific Properties Corp. Wellex Petroleum, Inc. Recovery Dev't. Corp. Novateknika Land Corp. Pacific Rehouse Corp. Crisanta Realty Dev't. Corp. Palawan Estate Corp. Philippine International Airways Philfoods Asia, Inc. Sourthernpec Phils., Inc. Manila Bay Front Hotels, Inc. Poly Premier Property Dev't. Corp. Wanda Prime Property Dev't., Inc. North Luzon Premier Dev't. Corp. Pacific Concorde Corp Forum Holdings Corp Rexlon Realty Group, Inc. Heritage Pacific Corp. Seabrook Resources & Dev't. Corp. Recovery Real Estate Corp. Shanghai Global Estate Ventures Corp. Altai Philippines Mining Corp. Bulacan Harbour Dev't. Corp. Bulacan Country Garden Dev't. Corp.	Vice Chairman/Director President/Director Treasurer/ Director President/Director Chairman/President/Director Corp. Treasurer/Director Corp. Secretary/Director Chairman/President/Director Corp. Secretary/Director Chairman/President/Director Corp. Secretary/Director Corp. Secretary/Director Chairman/President/Director Corp. Treasurer/Director Chairman/Director President/Director Chairman/Director Chairman/Director Chairman/Director Chairman/President/Director Corp. Secretary/Director Asst. Corp. Sec./Director Chairman/President/Director Chairman/President/Director President/Director Director Asst. Corp. Sec./Director Chairman/President/Director
Atty. Lamberto B. Mercado, Jr. Director/Compliance Officer Filipino 59 years old Bachelor of Laws (L.L.B.) <i>Ateneo de Manila University</i> School of Law	Asia Healthcare, Inc. FEZ-EAC Holdings, Inc. Wellex Industries, Inc. Acesite (Phils.) Hotels Corp. Forum Pacific, Inc. Philippine National Construction Corp. Consumer Product Distribution Services Rexlon Realty Group, Inc. Wellex Mining Corp. Southernpec Phils., Inc. Dubai Gold Mining Corp. Sands Mining & Dev't. Corp. Bulacan Harbour Dev't. Corp. Wanda Prime Property Dev't., Inc. Seabrook Resources & Dev't. Corp. Country Garden Agri-Tourism Dev't., Inc. Bulacan Country Garden Dev't. Corp.	Director Director Director Chief Risk Officer/Director Director Director Director Assist. Cop. Sec./Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director Director Corp. Secretary/Director Director Corp. Secretary/Director President Director
Aristeo R. Cruz Independent Director Filipino 57 years old CPA Lawyer B.S. in Commerce Major in Accountancy <i>De La Salle University</i> Bachelor of Laws (LLB) <i>New Era University</i>	Forum Pacific, Inc. Wellex Industries, Inc. Acesite (Phils.) Hotel Corp. Waterfront Philippines Inc Liberty Bank (A Rural Bank), Inc. Meycauayan College, Inc. Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office) Idealland Realty & Dev't. Corp. Statosphere Realty & Dev't. Corp. Waterstreet Realty Corp.	Independent Director Independent Director Independent Director Independent Director Vice-President Vice-Chairman of the Board, Executive Vice-President Founding and Managing Partner President and Chief Operating Officer (COO) President and Chief Operating Officer (COO) President

	Jose & Luz Locsin Foundation	President
Reno I. Magadia Director Filipino 53 years old BA in TV and Radio Broadcasting <i>California State University</i> Master's Degree – Business Administration <i>Pepperdine University</i> Los Angeles, California	Metro Combined Logistics Solution, Inc. Misons Industrial & Development Corp. Waterfront Philippines, Inc.	Managing Director Director Director
Nestor S. Romulo Corp. Secretary/Director Filipino 78 years old Lawyer Bachelor of Laws (LLB) <i>University of the Philippines</i>	Westmont Investment Corp. Wincorp Securities Misons Industrial & Development Corp Romulo, Serrano & Camello Law Offices JMP Development, Inc. Reyno, Tiu, Domingo & Santos Law Offices JP Consultancy Resources & Management, Inc. Zuellig Distributors, Inc. Asia Healthcare, Inc. FEZ-EAC Holdings, Inc.	Chairman of the Board Director Corporate Secretary Partner Corporate Secretary Consultant Corporate Secretary Corporate Secretary Corporate Secretary Corporate Secretary
Byoung Hyun Suh Independent Director Korean 67 years old BS in Business Administration <i>Korea University, Seoul Korea</i>	Pan Islands, Inc. Philippines Estates Corporation Overseas Korean Traders Associations Bonamis Pharmacy Phil's. Corp.	President Independent Director Director President
Richard L. Ricardo Corp. Treasurer/Investor Relations Officer Filipino 60 years old B.S. in Business Management A.B. in Economics <i>Ateneo de Manila University</i>	Wellex Industries, Inc. Waterfront Philippines, Inc. Acesite (Phils.) Hotel Corp. Forum Pacific, Inc. Philippine Estates Corp. The Wellex Group, Inc. Rexlon Realty Group, Inc. Westland Pacific Properties Corp. Wellex Petroleum, Inc. Wellex Mining Corp. Bocaue Prime Estate Corp. Taguig Lake City Dev't. Corp. Pacific Wide Holdings, Inc. Dubai Gold Mining Corp. Sand Mining & Dev't. Corp. Manila Bay Front Hotels, Inc. Shanghai Global Estate Ventures Corp. Bulacan Country Garden Dev't. Corp. Alliance Energy Power & Dev't. Inc.	Corp. Treasurer/Investor Relations Officer/Director Corporate Affairs Officer/Compliance Officer Vice President for Corporate Affairs/Compliance Officer Investor Relations Officer/Director Corp. Treasurer/Investor Relations Officer/Director Corp. Secretary/Director Vice President/Director Corp. Secretary/Director Corp. Treasurer/Director Assist. Corp. Sec./Director Corp. Secretary/Director Corp. Secretary/Director Corp. Treasurer/Director Chairman/President/Director Corp. Treasurer/Director Corp. Treasurer/Director Corp. Secretary/Director Corp. Secretary/Director President/Director

Annabelle T. Abunda Finance Officer Filipino 47 years old CPA and Licensed Real Estate Broker B.S. in Accountancy <i>University of the Philippines in the Visayas</i>	Pacific Rehouse Corp. Pacific Wide Holdings, Inc. Wellex Industries, Inc. Forum Pacific, Inc.	Finance & Administration Manager Accounting Manager Finance and Compliance Officer Finance and Compliance Officer
--	--	---

Significant Employees

There are no other employees other than the officers mentioned in the preceding subsection who are expected to make significant contribution to the business.

Family Relationships

Ms. Elvira A. Ting, the Chairman, is the aunt of Mr. Kenneth T. Gatchalian, the President. There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the corporation to become directors, or executive officers other than the above.

Involvement in Certain Legal Proceedings

To the knowledge and/or information of Metro Alliance, none of the directors/nominees and officers were involved during the past five (5) years in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

Item 10. Executive Compensation

Summary Compensation Table – Annual Compensation

The following table lists the names of the Corporation's Directors and Executive Officers Annual Compensation for the three most recent years.

Summary Compensation Table – Annual Compensation

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Elvira A. Ting Chairman of the Board/Director	2023	-	-	-
	2022	-	-	-
	2021	-	-	-
Kenneth T. Gatchalian President/Director	2023	-	-	-
	2022	-	-	-
	2021	-	-	-
Nestor S. Romulo Corporate Secretary/Legal Counsel/Director	2023	-	-	300,000
	2022	-	-	300,000
	2021	-	-	300,000
Aristeo R. Cruz Byoung Hyun Suh Independent Directors	2023	-	-	20,000
	2022	-	-	20,000
	2021	-	-	20,000
Richard L. Ricardo Treasurer	2023	-	-	-
	2022	-	-	-
	2021	-	-	-
All other directors and officers as a Group unnamed	2023	-	-	-
	2022	-	-	-
	2021	-	-	-

Compensation of Directors

Except for a per diem amounting to ₱10,000 for each Independent Director that will attend a regular meeting, there is no standard arrangement with regard to election, any bonus, profit sharing, pension/retirement plan, granting of any option, warrant or right to purchase any securities. There are no other arrangements or consulting contracts or other form of services with directors.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no employment contract and termination of employees and change-in control arrangement with directors and executive officers.

Warrants and Options Outstanding: Repricing

There are no warrants and options outstanding held by Metro Alliance's CEO, executive officers and all officers and directors as a group. There is no repricing made.

Item 11. Security Ownership of Certain Beneficial Owners and Management**Security Ownership of Certain Record and Beneficial Owners**

As of December 31, 2023, Metro Alliance knows of no one who beneficially owns in excess of 5% of the its common stock except as set forth in the table below.

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner* and relationship with record owner	Citizenship	No. of Shares Held	Percent
Common Shares Class A 43,096,501 Class B 30,705,883	PCD Nominee Corp. 37F Tower 1, The Enterprise Center, 6766 Ayala Avenue cor. Paseo De Roxas, Makati City	PCD Participants and their clients**	Filipino	74,061,459	24.19%
Common Shares Class B	Creston Global Ltd c/o #9 Cardinal St., St. Dominic Subd., Bahay Toro, Congressional Ave, Quezon City	Perlie Alpuerto - Authorized signatory (Designated representative)	British	56,378,388	18.42%
Common Shares Class A	Chesa Holdings, Inc. Rm. 206 Bencom Bldg., West Ave., Brgy. Philam, Quezon City	Yolly C. Fernandez - Corporate Treasurer (Designated representative)	Filipino	40,500,000	13.23%
Common Shares Class A	Pacific Wide Holdings Rm 302-C Zen Bldg, 8352 Mayapis St, Makati City	Babelyn Mantos - Corporate Treasurer (Designated representative)	Filipino	31,498,000	10.29%
Common Shares Class A 14,442,356 Class B 13,432,644	Forum Holdings Corp. Unit 402 Bencom Building., 146 West Ave., Brgy Philam Quezon City	Ellen Balunsat - Corporate Treasurer (Designated representative)	Filipino	27,875,000	9.11%
Common Shares Class A 6,329,500 Class B 9,503,908	Pacific Concorde Corp. Unit 402 Bencom Building., 146 West Ave., Brgy Philam Quezon City	Lauraine F. San Roque Corporate Treasurer (Designated representative)	Filipino	15,833,408	5.17%

* Person designated to exercise investment power over the equity

** The clients of each company have the power to decide how their shares are to be voted. Natural persons authorized to vote the shares of PCD Nominee cannot be identified until the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact.

Security Ownership of Management

As of December 31, 2023, the security ownership of individual directors, executive officers and nominees of Metro Alliance is as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	%
Common-Class A	Elvira A. Ting	98 / Direct	Filipino	0.000
Common-Class A	Kenneth T. Gatchalian	100 / Direct	Filipino	0.000
Common-Class A	Lamberto B. Mercado, Jr.	1 / Direct	Filipino	0.000
Common-Class A	Aristeo R. Cruz	100 / Direct	Filipino	0.000
Common-Class A	Reno I. Magadia	100 / Direct	Filipino	0.000
Common-Class A	Nestor S. Romulo	1 / Direct	Filipino	0.000
Common-Class A	Byoung Hyun Suh	1 / Direct	Korean	0.000
–	Richard L. Ricardo	–	Filipino	0.000
–	Annabelle T. Abunda	–	Filipino	0.000
Total		401		0.000

Voting Trust Holders of 5% Or More

There are no voting trust holders of 5% or more.

Changes in Control

There is no change in control of Metro Alliance and there is no arrangement which may result in change in control.

Item 12. Certain Relationships and Related Transactions

The Group, in the normal course of business, has transactions with related parties. The following table summarizes the transactions with related parties for the year ended December 31, 2023 and 2022. Please refer to Note 30 of the Audited Consolidated Financial Statements attached to this report for the broad discussions.

a. Due from/to related parties

In 2020, the Parent Company acknowledged its obligation to PHES, an affiliate who granted an interest-bearing, due, and demandable loan in favor of the Parent Company.

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

The amounts due to related parties pertain to advances provided to the Parent Company to finance its working capital requirements, capital expenditures, Petrochemical Project support and for other investments and have no definite repayment terms. These are unsecured and noninterest bearing, except the liability to WPI, which is interest bearing but the related finance charges are being charged to Polymax, since the corresponding liability were obtained in relation to the Petrochemical Project.

b. Compensation of key management personnel follows:

Particulars	2023	2022
Short-term employee benefits	₱10,866,805	₱11,125,520
Total	₱10,866,805	₱11,125,520

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under their respective entity's retirement plan.

- c. The related amounts applicable to the Group's outstanding balances with related parties are as follows:

		Transactions				Outstanding Balance			
Particulars	Terms and Conditions	2023		2022		2023		2022	
Due from related parties:									
The Wellex Group, Inc.	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	P	-	P	-	P	5,258,409	P	5,258,409
Metro Combined Logistics, Inc.	Non-interest bearing and unsecured borrowing; Expected to be settled in cash		-		-		18,924		18,924
Others	Non-interest bearing and unsecured borrowing; Expected to be settled in cash		-		-		31,373		31,373
Total (Note 11)		P	-	P	-	P	5,308,706	P	5,308,706
Advances (Asset held for Sale):									
Polymax (Note 13)	Represents 20% share investment in NPCA	P	-	P	-	P	347,720,003	P	347,720,003
Due to related parties:									
Acesite (Phils.) Hotel Corporation	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	P	-	P	-	P	-	P	-
The Wellex Group, Inc.	Funding for working capital requirement; Offset to accounts receivable		-		-		-		-
Philippine Estate Corporation	Secured, no impairment, no guarantee, interest bearing		-		5,891,207		286,565,176		280,673,968
Others	Non-interest bearing and unsecured borrowing; Expected to be settled in cash		14,284		14,284		738,950		709,782
			14,284		5,905,492		287,304,126		281,383,750

Transactions with promoters

Metro Alliance and its subsidiaries have no transaction with promoters.

Part IV – CORPORATE GOVERNANCE

Please refer to separate “Annual Corporate Governance Report (ACGR)” to be submitted to Securities and Exchange Commission.

PART V – EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

Exhibits

Financial Statements

- Statement of Management’s Responsibility for Financial Statements
- Report of Independent Auditor
- Statements of Financial Position as of December 31, 2023 and 2022
- Statements of Comprehensive Income for the years ended December 31, 2023, 2022 and 2021
- Statements of Changes in Equity for each of the three years ended December 31, 2023, 2022 and 2021
- Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021
- Notes to Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules:

- Financial Assets
- Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- Amounts Receivables and Payable from/to Related Parties which are Eliminated during Consolidation Process of Financial Statements
- Intangible Assets - Other Assets
- Long-term Debt (Not Applicable)
- Indebtedness to Related Parties (Long-Term Loans from Related Parties)
- Guarantees of Securities of Other Issuers (Not Applicable)
- Capital Stock
- Map of the relationship of the parent company within the parent company for the year ended December 31, 2023
- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as required by Revised SRC Rule Annex 69-D
- Schedule of Financial Soundness Indicators as required by Revised SRC Rule Annex 68-E

Reports on SEC Form 17- C

January 12, 2023

The Corporation submitted its Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended December 31, 2022.

January 13, 2023

The Corporation submitted its List of Top 100 Stockholders as disclosed also in the Philippine Stock Exchange for the period ended December 31, 2022.

April 14, 2023

The Corporation submitted its List of Top 100 Stockholders and Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended March 31, 2023.

May 5, 2023

The Corporation postponed the Annual Stockholders Meeting that scheduled on any day not a Sunday or legal holiday in the Month of May as provided by By-Laws. This is due to lack of material time to prepare the documents and have them printed which are required to be filed with the regulatory agencies for the

holding of stockholders' meeting.

May 29, 2023

The Corporation submitted the Integrated Annual Corporate Governance Report for the year 2022 in compliance with the SEC Memorandum Circular No. 15, series of 2017.

June 1, 2023

The Corporation submitted its Special Form for Financial Statements, (both Parent and Consolidated), as of December 31, 2022 which is also disclosed in the Philippine Stock Exchange.

July 13, 2023

The Corporation submitted its Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended June 30, 2023.

July 17, 2023

The Corporation submitted its List of Top 100 Stockholders as disclosed also in the Philippine Stock Exchange for the period ended June 30, 2023.

August 23, 2023

The Corporation submitted its Notice of Annual Stockholder's Meeting on October 6, 2023 to stockholders of record as of September 8, 2023 as approved by the Board of Directors on its meeting with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on October 6, 2022
4. Report of the President
5. Presentation and approval of the Annual Financial Statements
6. Ratifications of the actions and proceedings taken by the Board of Directors and Corporate Officers since October 6, 2022
7. Election of the Members of the Board of Directors
8. Appointment of External Auditor
9. Other business/matters
10. Adjournment

October 6, 2023

The Corporation submitted the result of the Annual Stockholders' Meeting and the Organizational Meeting of the Board of Directors held last October 6, 2023 via remote communication.

October 10, 2023

The Corporation submitted its List of Top 100 Stockholders as disclosed also in the Philippine Stock Exchange for the period ended September 30, 2023.

The Corporation also submitted its General Information Sheet for the year 2023 as disclosed also in the Philippine Stock Exchange.

October 13, 2023

The Corporation submitted its Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended September 30, 2023.

November 13, 2023

The Corporation submitted copies of certificates of directors and key officers on the attended Good Corporate Governance Seminar held last November 07, 2023 via webinar conducted by the Risks, Opportunities, Assessment and Management (ROAM), Inc. a Corporate Governance training provider accredited by the SEC.

January 11, 2024

The Corporation submitted its List of Top 100 Stockholders and Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended December 31, 2023.

April 11, 2024

The Corporation submitted its Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended March 31, 2024.

April 12, 2024

The Corporation submitted its List of Top 100 Stockholders as disclosed also in the Philippine Stock Exchange for the period ended December 31, 2023.

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 Pasig on APR 26 2024

By:


KENNETH T. GATCHALIAN
President


RICHARD L. RICARDO
Treasurer


ANNABELLE T. ABUNDA
Finance Officer


ATTY. NESTOR S. ROMULO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 26 2024 day of _____, in
affiant (s) exhibiting to me their Tax Identification No. as follows:

PASIG CITY

AFFIANTS	Tax Identification No.	Issuer
1. Kenneth T. Gatchalian	167-406-526-000	Bureau of Internal Revenue
2. Richard L. Ricardo	140-853-860-000	Bureau of Internal Revenue
3. Annabelle T. Abunda	205-231-659-000	Bureau of Internal Revenue
4. Atty. Nestor S. Romulo	107-200-723-000	Bureau of Internal Revenue

Doc. No.: 389
Page No.: 78
Book No.: 82
Series of 2024

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Appointment No. 96 (2024-2025) valid until 12/31/2025
MCLE Exemption No. VIIH-BEP003234, until 04/14/28
Roll No. 46377; BP LRN 02459; OR 545836; 06/21/2001
TIN 123-011-785; PTR 1634583AA; 01/03/24; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel. +632-86314090



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Nestor Romulo - nestor.romulo23@gmail.com

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COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

M	E	T	R	O		A	L	L	I	A	N	C	E		H	O	L	D	I	N	G	S		&				
E	Q	U	I	T	I	E	S		C	O	R	P	.		A	N	D											
S	U	B	S	I	D	I	A	R	I	E	S																	

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

3	5	T	H		F	L	R		O	N	E		C	O	R	P	O	R	A	T	E		C	E	N	T	R	E	
D	O	Ñ	A		J	U	L	I	A		V	A	R	G	A	S		C	O	R	.		M	E	R	A	L	C	O
A	V	E	S		O	R	T	I	G	A	S		C	E	N	T	E	R		P	A	S	I	G		C	I	T	Y

Form Type

A	F	S	2	3
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's email Address

metro.alliance@yahoo.com

Company's Telephone Number

8706-7888

Mobile Number

(+63)9559110416

No. of Stockholders

816

Annual Meeting (Month/Day)

Any Day in May

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Atty. Nestor S. Romulo

Email Address

nestor_romulo@yahoo.com

Telephone Number/s

8706-7888

Mobile Number

(+63)9193540686

CONTACT PERSON'S ADDRESS

35th Flr. One Corporate Centre, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig City

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

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's record with 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.

***Metro Alliance Holdings & Equities
Corp. & Subsidiaries***

*Financial Statements
December 31, 2023 and 2022*

And

Independent Auditors' Report



METRO ALLIANCE

HOLDINGS & EQUITIES CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **METRO ALLIANCE HOLDINGS & EQUITIES CORP. AND SUBSIDIARIES** 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 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 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.

Valdes, Abad and Company, CPAs, 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, has expressed its opinion on the fairness of presentation upon completion of such audit.


ELVIRA A. TING
Chairman of the Board


KENNETH T. GATCHALIAN
President


RICHARD L. RICARDO
Corporate Treasurer

QUEZON CITY

APR 25 2024

SUBSCRIBED AND SWORN to before me in _____ City/Province, Philippines on _____,
affiants personally appeared before me and exhibited to me their

Name

1. ELVIRA A. TING
2. KENNETH T. GATCHALIAN
3. RICHARD L. RICARDO

Tax Identification Number

117-922-153
167-406-526
140-853-860

WITNESS MY HAND AND SEAL on the date and at the place above written.

DOC NO: 20 :
PAGE NO: 04 :
BOOK NO: XXSAL
SERIES OF 70MM


ATTY. FELIZARDO M. IBARRA
Notary Public for Q.C./ Until Dec. 31, 2024

Roll No. 80835

PTR No. 5452394D/Jan. 02, 2024/Q.C.

IBP No. 254794(2022-2024)/Q.C.

MCLE Comp. No. VIII- 0000973(04/15/2022-04/14/2025)

Admin. Matter No. NP-223(2023-2024)

Quirino Highway, Brgy. Kaligayahan Q.C.

35th Flr. One Corporate Center Doña Julia Vargas Avenue corner
Meralco Ave., Ortigas Center, Pasig City, Phils. 1605
Trunkline (02) 8706-7888 * Fax No. (02) 8706-5982

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre
Street, Legaspi Village,
Makati City, Philippines

Branches:

Cebu and Davao

Phone: (632) 8892-5931 to 35

(632) 8519-2105

Fax: (632) 8819-1468

Website: www.vacocpa.com.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0314-SEC



member
an association of
legally independent
accounting firms

partnering for success

INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.

Ortigas Center, Pasig City

We have examined the consolidated financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES** for the year ended December 31, 2023, on which we have rendered the attached report dated April 25, 2024.

In compliance with Revised SRC Rule 68, we are stating that the Group has seven hundred eighty-two (782) stockholders owning one hundred (100) or more shares each as of December 31, 2023.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:

A handwritten signature in black ink, appearing to read 'Alfonso L. Cay-an', written over a horizontal line.

ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines

April 25, 2024

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.
Ortigas Center, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES** (the Group) which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related 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 financial statements, including as summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and of its consolidated financial performances 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 audit 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 Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 33, Item II of the consolidated financial statements which describes the reason for the amendment of the consolidated statements of cash flows for each of the three years in the period ended December 31, 2021. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

(a) Realization of Outstanding Receivables from Polymax Worldwide

As of December 31, 2023, the Group has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands, amounting to ₱347.7, which accounts for 49% of the Group's total assets. These advances were related to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in Note 2.3 of the consolidated notes to the financial statements. The analysis of the recoverability of these advances is significant to our audit because the assessment process requires use of management judgment. It is also based on assumptions of future cash inflow to be generated by Polymax in which the settlement to their obligation to the Group is dependent upon.

In 2023, the Group recognized provision for credit losses to present the advances at net realizable value.

Audit response

We obtained an understanding of the nature of the said advances and assessed the management's plan to fully recover the outstanding balance. Our audit procedure included circulation of confirmation letter to Polymax to confirm the existence of the said advances. Likewise, this covered substantiation of partial collection made by the Group during the year 2023. We also assessed the completeness and accuracy of the disclosures relating to the said advances in the consolidated notes to financial statements as discussed in Note 2.3.

We tested the provision for credit losses in compliance with PFRS 9.

(b) Realization of Management's Plan to Address the Going Concern

The Group designed a detailed plan to address the going concern uncertainties and likewise, structured its capital build-up program as discussed in Note 2.2. The realization of the plans to be performed by the Group is significant to our audit as this materially affects our judgement to the ability of the Group to continue its operations in foreseeable future as deemed necessary by PSA 570 (Revised) *Going Concern*.

Audit response

Our audit procedures included understanding of the current market conditions in which the Group operates and assess whether management's plan to address the going concern uncertainty is feasible. We compared and tested forecasted activities to be performed with industry practices. We have reviewed the compliance of the Group to the requirements of the regulatory agencies and their correspondence with regard unresolved issues. We likewise examined documentation for the on-going litigations that could impact its cash flows from third party legal counsels.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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:

- (i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- (ii) 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. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) 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 the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- (v) 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.
- (vi) 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 be 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.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No.0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 25, 2024

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Philippine Peso)

ASSETS	Note	December 31,	
		2023	2022
CURRENT ASSETS			
Cash	12	49,983,378	53,452,684
Trade and other receivables, net	13	165,349,252	178,465,901
Other current assets, net	14	26,076,083	20,449,318
Total Current Assets		241,408,713	252,367,903
NON-CURRENT ASSETS			
Advances to a related party	15	347,720,003	347,720,003
Financial assets at fair value through other comprehensive income	16	17,976,035	19,197,485
Property and equipment, net	17	24,229,337	56,057,673
Deferred tax asset	22	62,107,137	62,216,486
Other non-current assets	18	11,713,903	11,305,239
Total Non-Current Assets		463,746,415	496,496,886
TOTAL ASSETS		705,155,128	748,864,789
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	19	269,800,849	288,917,958
Lease liability, current portion	20	13,136,528	16,459,778
Due to related parties, current portion	21	738,950	709,782
Total Current Liabilities		283,676,327	306,087,518
NON CURRENT LIABILITIES			
Accrued expenses, non-current portion	19	123,438,803	123,438,803
Lease liability, non-current portion	20	-	24,488,841
Due to related parties, non-current portion	21	286,565,176	280,673,968
Accrued retirement benefit costs	29	15,358,137	12,915,404
Total Non-Current Liabilities		425,362,116	441,517,016
EQUITY			
Share capital	23	306,122,449	306,122,449
Additional paid-in capital	23	3,571,923	3,571,923
Deficit	24	(380,922,904)	(376,142,514)
Remeasurement gain on retirement plan	29	4,214,554	4,204,237
Fair value reserve	16	1,705,072	2,926,522
Total equity attributable to Parent Company’s shareholders		(65,308,906)	(59,317,383)
Equity attributable to non-controlling interest		61,425,591	60,577,638
Total Equity		(3,883,315)	1,260,255
TOTAL LIABILITIES AND EQUITY		705,155,128	748,864,789

See Notes to Consolidated Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Philippine Peso)

For the Years Ended December 31,	Note	2023	2022	2021
SALE OF SERVICES	25	243,165,617	334,133,810	293,462,629
COST OF SERVICES	26	202,467,383	272,785,209	241,598,842
GROSS PROFIT		40,698,234	61,348,601	51,863,787
FINANCE INCOME	27	111,506	70,006	71,862
FINANCE COSTS	27	(1,483,268)	(2,758,781)	(2,629,721)
OTHER INCOME	27	159,291	180,427	2,151,533
GENERAL AND ADMINISTRATIVE EXPENSES	28	(41,922,712)	(40,820,023)	(259,363,967)
INCOME (LOSS) BEFORE TAX		(2,436,949)	18,020,230	(207,906,506)
PROVISION FOR (BENEFIT FROM) INCOME TAX	22			
Current		(1,396,051)	(6,736,786)	(4,947,449)
Deferred		(109,350)	683,458	55,955,851
NET INCOME (LOSS)		(3,942,350)	11,966,902	(156,898,104)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized loss on equity investment	16	(1,221,450)	-	(1,724,400)
Remeasurement gain (loss) on retirement plan, net of tax	29	20,231	(3,992)	1,879
TOTAL COMPREHENSIVE INCOME (LOSS)		(5,143,569)	11,962,910	(158,620,625)
Net income (loss) attributable to:				
Equity holders of the Parent Company		(4,780,390)	3,323,250	(165,082,448)
Non-controlling interest		838,040	8,643,652	8,184,344
		(3,942,350)	11,966,902	(156,898,104)
Other comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		(1,211,132)	(2,036)	(1,723,442)
Non-controlling interest		9,913	(1,956)	921
		(1,201,219)	(3,992)	(1,722,521)
Basic income (loss) per share				
Income for the year attributable to equity holders of the Parent Company	31	(0.0156)	0.0109	(0.5393)

See Notes to Consolidated Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Philippine Peso)

For the Years Ended December 31,	Note	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		(2,436,949)	18,020,230	(207,906,506)
Adjustments for:				
Provision for expected credit losses on advances	15	814,773	2,105,032	224,507,563
Provision for impairment on advances	28	224,199	297,485	69,804
Amortization of intangible assets	18	277,970	305,009	449,011
Depreciation	17	39,309,493	42,430,435	36,732,216
Gain on disposal of equipment	17	(159,613)	-	-
Retirement benefit expense	29	2,462,964	2,240,955	2,036,082
Interest expense on lease liability	32	1,483,268	2,758,781	2,629,721
Interest income	27	(111,506)	(70,006)	(71,862)
Operating income before working capital changes		41,864,599	68,087,921	58,446,029
Changes in assets and liabilities:				
Trade and other receivables, net		12,301,876	(3,129,867)	(7,850,177)
Other current assets		(7,022,819)	(9,052,193)	1,570,608
Other non-current assets		(649,634)	(346,645)	325,668
Accounts payable and accrued expenses		(19,341,308)	278,544	(3,374,032)
Net Cash Flows from Operating Activities		27,152,714	55,837,760	49,118,096
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from:				
Bank deposits	27	111,506	70,006	71,862
Proceeds from:				
Collection of advances to a related party	15	-	-	4,847,271
Disposal of property and equipment	17	303,884	-	-
Acquisition of:				
Additional advances to a related party	15, 30	-	(3)	-
Property and equipment	17	(7,625,427)	(10,497,983)	(12,574,052)
Intangible asset	18	(37,000)	(225,377)	(75,000)
Net Cash Flows from Investing Activities		(7,247,037)	(10,653,357)	(7,729,919)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid on lease liability	32	(1,483,268)	(2,758,781)	(2,629,721)
Payment of lease liability	20	(27,812,091)	(35,319,060)	(32,328,922)
Advances from related parties	30	5,920,376	5,905,492	909,491
Net Cash Flows from Financing Activities		(23,374,983)	(32,172,349)	(34,049,152)
NET INCREASE (DECREASE) IN CASH		(3,469,306)	13,012,054	7,339,025
CASH AT BEGINNING OF YEAR	12	53,452,684	40,440,630	33,101,605
CASH AT END OF YEAR	12	49,983,378	53,452,684	40,440,630

See Notes to Consolidated Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In Philippine Peso)

	Attributable to Equity Holders of the Parent Company					Subtotal	Minority Interests	Total Equity
	Share Capital (Note 23)	Additional Paid-in Capital (Note 23)	Deficit (Note 24)	Remeasurement Gain (Loss) on Retirement Plan (Note 29)	Fair Value Reserve (Note 16)			
BALANCES AS OF DECEMBER 31, 2020	306,122,449	3,571,923	(214,668,844)	4,205,315	4,650,922	103,881,765	43,750,677	147,632,442
Net loss for the year	-	-	(165,082,448)	-	-	(165,082,448)	8,184,344	(156,898,104)
Other comprehensive income	-	-	-	958	(1,724,400)	(1,723,442)	921	(1,722,521)
BALANCES AS OF DECEMBER 31, 2021	306,122,449	3,571,923	(379,751,292)	4,206,273	2,926,522	(62,924,125)	51,935,942	(10,988,183)
Prior period adjustment (Note 24)	-	-	285,528	-	-	285,528	-	285,528
As restated	306,122,449	3,571,923	(379,465,764)	4,206,273	2,926,522	(62,638,597)	51,935,942	(10,702,655)
Net income for the year	-	-	3,323,250	-	-	3,323,250	8,643,652	11,966,902
Other comprehensive loss	-	-	-	(2,036)	-	(2,036)	(1,956)	(3,992)
BALANCES AS OF DECEMBER 31, 2022	306,122,449	3,571,923	(376,142,514)	4,204,237	2,926,522	(59,317,383)	60,577,638	1,260,255
Net income (loss) for the year	-	-	(4,780,390)	-	-	(4,780,390)	838,040	(3,942,350)
Other comprehensive gain (loss)	-	-	-	10,317	(1,221,450)	(1,211,133)	9,913	(1,201,220)
BALANCES AS OF DECEMBER 31, 2023	306,122,449	3,571,923	(380,922,904)	4,214,554	1,705,072	(65,308,906)	61,425,591	(3,883,315)

See Notes to Consolidated Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2023, 2022 and 2021

NOTE 1 – CORPORATE INFORMATION

METRO ALLIANCE HOLDINGS & EQUITIES CORP. (MAHEC or the Parent Company) is incorporated in the Philippines. The Parent Company and its subsidiaries (collectively referred to as “the Group”) are involved in contract logistics. Certain subsidiaries previously engaged in the importation and distribution of polypropylene resin and pharmacy management had ceased operations.

The new registered office address of the Parent Company is at 35th Floor One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City.

In 2015, the SEC approved the amendment made to Article III of the Parent Company’s Articles of Incorporation in regard to the change of Group’s official business address from 22nd Floor Citibank Tower, 8741 Paseo de Roxas, Makati City to 35th Floor One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City.

On June 4, 2018, the Exchange has resolved to grant the Parent Company’s request to lift the trading suspension of its shares after a careful consideration of the facts and circumstances of the Parent Company’s case and a comprehensive review of the Parent Company’s disclosures and representations vis-à-vis the requirements under the Disclosure Rules. The Exchange considered, among others: (i) the Parent Company’s compliance with the disclosure requirements of the Exchange, thus addressing the grounds and reasons why the Exchange imposed the trading suspension on May 21, 2007; and (ii) the SEC’s decision setting aside the Order of Revocation on the Parent Company’s registration and permit to sell securities. The Exchange has likewise noted the Parent Company’s representations regarding its business plans, including its capital build-up program.

The accompanying consolidated financial statements as of December 31, 2023 (including comparative amounts as at December 31, 2023 and for the years ended December 31, 2022 and 2021) were approved and authorized for issue by the Board of Directors (BOD) on April 25, 2024.

NOTE 2– STATUS OF OPERATIONS

2.1 Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

As of December 31, 2023 and 2022, the Parent Company has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands, amounting to ₱347.7 million, relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including accrued interest and penalties, amounting to ₱994.7 million for both years, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition of the petrochemical plant and applied these against the Parent Company’s advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions.

As explained in Note 15, the remaining 20% of Polymax’s interest in the petrochemical plant is for sale. The realization of the Parent Company’s advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient

–“cash flows can be generated from the sale Polymax’s remaining 20% interest in NPC Alliance Corporation (NPCA).

2.2 Management Plan to Address Going Concern Uncertainties

Projected Plan for next 12 months

The Parent Company still holds 20% interest in NPC Alliance Corporation (NPCAC) as of December 31, 2023. While this investment is still realizable at substantially higher value than the stated in the books, sufficient provision for possible loss have already been recorded. Over the past years, it has been determined that the present global petrochemical market conditions have had a dampening effect on the viability of the polyethylene business, especially when coupled with the difficulty in sourcing ethylene feedstock. This, coupled with the perceived inability of our Iranian partners to manage the business properly, has resulted in the closure of the Bataan polyethylene plant. In order to protect the Parent Company’s interests, the Parent Company filed legal suits against its partners in NPCAC in order to establish full accountability. Under the oversight of the Regional Trial Court, the Parent Company opted to discuss some settlement options with the Iranians via the mediation and judicial arbitration processes, and the Parent Company is still hopeful that the parties can arrive at a quick and acceptable solution to the matter at the soonest time. The proposals of MAHEC/Polymax is still under consideration by Persian Gulf Petrochemical Industries Corporation (PGPIC), the majority shareholder of NPCA.

MAHEC’s remaining operating subsidiary, Metro Combined Logistics Solutions, Inc. (MCLSI), is steadily growing with additional business from its existing principals. As a means of diversification, MCLSI is also exploring business opportunities in the transport field, including computer app solutions, warehousing and cold storage; in medical distribution and pharmaceutical business logistics, operation of hospice care and management of medical clinics, importation of medical equipment; and also, in document storage, car parking, sea travel, river ferry and airport/seaport terminal management.

Actions of the Company

The Parent Company reiterate several actions were taken to conserve the Parent Company’s resources and build confidence for its business direction and is working out the timing of the formal filings for these actions with the SEC:

- a) Commitment by the majority shareholders of the Parent Company to guaranty the recoverable value of the remaining “assets for sale” in its books in order that the Parent Company’s equity be preserved;
- b) Pressing the majority shareholders of NPCA to write down the obligation of NPCAC to its principal shareholders to pave the way for restructured financial statements;
- c) Increasing the number of Board Directors from 7 to 9 in order to pave the way for a broader representation of stakeholders;
- d) Removing the “A” and “B” classification of the Parent Company shares to integrate common shares into just one class;
- e) Working out a stock rights offer for take advantage of unissued shares from our authorized capital stock.

Simultaneous with the conduct of stock right offering, the Parent Company will pursue its pending application with the SEC to increase its authorized capital stock to ₱5 billion, in order to meet its projected investment plan. In sum, the Parent Company is expected to satisfy its cash requirements to finance its projected plans and investments in new ventures throughout the calendar year 2024.

Realization of Outstanding Receivables from Polymax Worldwide in the Amount of ₱347,720,003 as of December 31, 2023

If ever the negotiations with the Iranians will stall, there are other alternatives to address the issue. In order that this outstanding receivable will be fully recovered, a payment via dacion of the remaining 20% NPCA shares held by Polymax in NPC Alliance may be assigned to Metro Alliance, thus, making the company the direct shareholders of NPCA.

In 2023, provision for expected credit losses amounting to ₱5,813,720 was recognized in compliance with the requirements of PFRS 9.

Manpower Requirements

The Group does not expect significant changes in the number of employees as it is still in the stage of exploring new business opportunities. Manpower will be outsourced if needed.

Capital Asset Acquisition

The Group will make purchases of equipment and machines in the future if needed especially when investment in mining industry will materialize.

Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2.3 Acquisition Transactions

On December 4, 2003, the Parent Company entered into a Memorandum of Agreement (MOA) with Polymax, whereby the Parent Company confirmed the designation of Polymax as the acquiring Company in the proposed acquisition of the senior secured debt papers of BPC from International Finance Corporation (IFC). Under the MOA, the Parent Company and Polymax agreed that (a) the acquisition of the secured debt paper would be for the account and benefit of the Parent Company; (b) the funding for the acquisition would be provided and arranged by the Parent Company; and (c) the exercise of creditor rights arising from the secured debts via foreclosure and takeover of the assets of BPC would be directed by and for the account and benefit of the Parent Company. In addition, the Parent Company would make certain advances to Polymax.

On December 19, 2003, Polymax and IFC entered into an Assignment and Transfer Agreement (the Agreement) for the purchase by the former of the senior secured debt papers of BPC. The Parent Company advanced to Polymax the initial deposit of US\$5 million, which was remitted to IFC for the assignment payment, pursuant to the terms of the Agreement. On February 11, 2004, IFC confirmed that it has received the full payment for the assignment of the senior secured debt papers of BPC.

To partially finance the Parent Company's advances relating to the Petrochemical Project, the Parent Company obtained short-term loans from local banks. With the delay in the completion of the activities and the conditions required for the Petrochemical Project, the Parent Company was unable to pay the bank loans on maturity dates. As of December 31, 2006, the amounts payable to the banks totaled ₱866.7 million, consisting of the outstanding principal balance of ₱378.3 million and finance charges of ₱488.4 million. In 2007, these past due liabilities were unilaterally transferred to and applied against the advances made to Polymax as discussed in Note 15.

Pursuant to the Parent Company's plan of acquiring full control of BPC, instead of exercising creditor rights, the Parent Company, on April 16, 2004, entered into a Share Purchase Agreement (SPA) with BPC, Tybalt Investment Limited (TIL), BP Holdings International B.V. (BPHI) and Petronas Philippines, Inc. (PPI), with TIL as the purchaser of the 83% interest of the foreign shareholders of BPC. As agreed by the parties, the SPA is to take effect as of March 31, 2004, subject to closing conditions, as defined in the SPA, which the parties have to comply with within a period of 60 days or later if the conditions are not met.

On July 7, 2005, Polymax and BPC executed a Deed of Conveyance, transferring to Polymax under an asset for share swap, the petrochemical plant of BPC in exchange for 85 million common shares of Polymax with par value of US\$1 per share, or a total par value of US\$85 million.

On July 20, 2005, the Parent Company, Polymax and NPC International Limited (NPCI) entered into an SPA which provided that, subject to certain conditions, including the transfer of the petrochemical plant of BPC free from encumbrances, NPCI will acquire 60% of the issued share capital of NPCA from Polymax.

On August 9, 2005, Polymax and NPCA executed a Deed of Conveyance, transferring to NPCA, under an asset for share swap, the same petrochemical plant in exchange for 4.8 million shares of common stock of NPCA with a total par value of ₱4.8 billion, resulting in 100% ownership interest of Polymax in NPCA.

On November 15, 2005, BPC and Polymax executed a Deed of Assignment whereby BPC transferred and conveyed to Polymax all its rights and interest to Polymax's 85 million shares of common stock, with a total value of US\$85 million, in exchange for the discharge of a portion of BPC's secured debt, which was acquired by Polymax from IFC, up to the extent of the value of the shares transferred. Polymax retired the said shares 10 days from the date the Deed of Assignment.

On December 16, 2005, Polymax, NPCI, Petrochemical Industries Investment Company (PIIC) and the Parent Company entered into an amended SPA whereby NPCI and PIIC will purchase 40% and 20% of NPCA's shares of common stock, respectively, from Polymax. In addition to the conditions set forth in the original SPA, the amended SPA also involves advances to be provided by NPCI amounting to US\$15 million representing an advance payment which may be used to fund the bona fide third-party costs of NPCA or BPC for the

recommissioning, operation and maintenance of the petrochemical plant or such other third-party cost or expenses, taxes or duties as agreed between Polymax and NPCI.

On the same date, the Parent Company, NPCI and PIIC entered into a Guarantee and Indemnity agreement whereby the Parent Company irrevocably and unconditionally guaranteed the prompt performance and observance by Polymax and the payment on demand by Polymax of all moneys, obligations and liabilities, which are now or at any time after the execution of the agreement become due from or owing or incurred by Polymax under or in connection with any of the SPA and the Shareholders' Agreement. The Parent Company also guaranteed that it shall be liable for Polymax's obligations, as if it were a principal debtor, if Polymax's obligations are no longer recoverable from Polymax.

On March 18, 2006, Polymax, NPCI, PIIC and the Parent Company entered into an Agreement of Variation (March 2006 Variation Agreement) to vary and amend the terms of the "Amended and Restated Share Purchase Agreement (ARSPA) and the Shareholders' Agreement" entered on December 16, 2005. Under the March 2006 Variation Agreement, completion of the conditions and conditions subsequent set forth in the ARSPA was extended to April 30, 2006. Moreover, additional conditions that Polymax needs to satisfy prior to completion were agreed upon.

On the same date, Polymax and NPCI executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to NPCI all the rights, title and interest in 19,090,000 NPCA shares of common stock, equivalent to 40% ownership interest, for a consideration of ₱1.91 billion.

On September 11, 2006, Polymax, NPCI, PIIC, the Parent Company and NPCA entered into another Agreement of Variation (September 2006 Variation Agreement) to further vary and amend the terms of the ARSPA and the Shareholders' Agreement (both initially amended and varied by the March 2006 Variation Agreement). Polymax, in accordance with its obligations under the ARSPA, had notified NPCI and PIIC that it is aware that certain conditions will not be fulfilled by April 30, 2006. As a result, the parties agreed to transfer to PIIC the 9,545,000 NPCA shares of common stock prior to completion, while certain conditions will become conditions subsequent to be completed on December 31, 2006.

On September 20, 2006, Polymax and PIIC executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to PIIC all the rights, title and interest in 9,545,000 NPCA shares of common stock, equivalent to 20% ownership interest, for a consideration of ₱954.5 million.

On December 31, 2006, the ARSPA Variation Agreement expired with the conditions subsequent remaining unsettled. Nevertheless, NPCI and PCII took control of the petrochemical plant resulting in a dispute with the Parent Company and Polymax, who considered the sale of Polymax's 40% and 20% interest in the petrochemical plant to NPCI and PCII, respectively, as null and void.

On August 21, 2007, the petrochemical plant started commercial operations under NPCI and PIIC.

Subsequently on August 27, 2013, the Parent Company and Polymax entered into a settlement agreement with NPCI, PIIC and NAC to resolve, fully and finally, the dispute arising from the uncompleted acquisition transactions described above. Under the agreement, NCPI shall, among others, pay Polymax the remaining balance of the purchase price of the 60% NPCA shares net of deductions agreed by the parties. Simultaneous with the execution of the agreement, Polymax shall also sell to NPCI an additional 20% of Polymax's interest in NPCA from the remaining 40% equity holding in NPCA at US\$8 million or its equivalent in Philippine peso. In September 2013 and August 2014, the remaining balance due to Polymax was paid by NCPI and the 20% interest of Polymax in NPCA was sold to NCPI, respectively, in accordance with the agreement.

As a result of the foregoing settlement, the arbitration tribunal issued on October 2, 2014 an order for withdrawal of the arbitration cases (under the United Nations Commission on International Trade Law Rules of Arbitration), which were earlier filed by the parties due to the dispute arising from their various agreements.

NOTE 3 – BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.1 Statement of compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

3.2 Basis of preparation

The consolidated financial statements of the Group have been prepared using the measurement bases specified by Philippine Financial Reporting Standards (PFRS) for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

3.3 Going concern assumption

The preparation of the accompanying condensed consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

3.4 Functional and presentation currency

The consolidated financial statements are prepared in Philippine Peso (₱), which is the Group's functional and presentation currency.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

All values are presented in absolute amounts and are rounded off to the nearest peso except when otherwise indicated.

3.5 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company, Metro Alliance Holdings and Equities Corp., and the following subsidiaries, after the elimination of intercompany transactions:

	Percentage of Ownership	
	2023	2022
Operating subsidiaries:		
Metro Combined Logistics Solutions, Inc. (MCLSI) (formerly GAC Logistics, Inc.)	51%	51%
Non-operating subsidiaries:		
Consumer Products Distribution Services, Inc. (CPDSI)	100%	100%
FEZ-EAC Holdings, Inc. (FEZ-EAC)	100%	100%
Zuellig Distributors, Inc. (ZDI)	100%	100%
Asia Healthcare, Inc. (AHI)	60%	60%

The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Investment in subsidiary

Control is achieved when the Parent 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 (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

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

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

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

Non-controlling interests

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

3.6 Business combinations

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 non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest 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 financial 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 previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in 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 other comprehensive income. 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 remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

Loss of control and disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- derecognizes the assets, including goodwill, and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative transaction differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of the 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 retained earnings, as appropriate.

3.7 Use of judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group's consolidated financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 5.

3.8 Adoption of new and revised accounting standards

The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements:

New and Amended Accounting Standards Effective in 2023

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted:

Amendments to PAS 1, Presentation of Financial Statements - These amendments help entities provide useful accounting policy disclosures by: requiring entities to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies relating to material transactions, other events or conditions are themselves material.

Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – These clarifies how entities distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and guidance on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy.

Amendments to PAS 12, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, clarifies how entities account for deferred taxes on certain transactions, such as leases and decommissioning obligations, with a focus on reducing diversity in practice. The amendments narrow the scope of the initial recognition exemption so entities will need to recognize a deferred tax asset and a deferred tax liability arising from transactions that give rise to equal and offsetting temporary differences.

PFRS 17 – Insurance Contract – These establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance, and cash flows.

The Group's financial statements has no impact on the said amendment.

Effective beginning on or after January 1, 2024

Amendment to PFRS 16 – Leases on sale and leaseback – These amendments include requirements for sale and leaseback transactions in PFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants – These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance – These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments are not expected to have a significant impact on the preparation of consolidated financial statements.

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability – An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments are not expected to have a significant impact on the preparation of consolidated financial statements.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

4.1 Financial assets and financial liabilities

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

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial

measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group’s business model and its contractual cash flow characteristics.

As of December 31, 2023 and 2022, the Group does not have financial assets and liabilities measured at FVPL.

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As of December 31, 2023 and 2022, the Group’s cash, trade and other receivables, advances to related parties, refundable deposits and investment in debt securities are included under this category.

Financial Assets at FVPL. Financial assets at FVPL include 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 or repurchasing 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 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 at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. As at December 31, 2023 and 2022, the Group has no financial assets at FVPL.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; 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 equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of December 31, 2023 and 2022, the Group's equity investments at FVOCI are included under this category.

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

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

As of December 31, 2023 and 2022, the Group's accounts payable and accrued expenses, lease liability and due to related parties are included under this category.

4.2 Reclassification

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

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

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

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

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

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

4.3 Impairment of financial assets at amortized cost and FVOCI

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

For loan receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. 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 measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

4.4 Derecognition of financial assets and liabilities

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

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

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

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

4.5 Offsetting financial instrument

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

4.6 Classification of financial instrument between liability and equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

4.7 Current versus non-current classification

The Group presents assets and liabilities in the 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 normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- Cash on hand and in banks 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 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.

4.8 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

4.9 Fair value measurement

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

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: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

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

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 financial statement 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 prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

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 the categorization at the end of each reporting period.

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.

4.10 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 6, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.11 Cash

Cash includes cash funds, undeposited cash collections and customers' checks. Cash funds are set aside for current purposes such as petty cash fund. Cash in banks include demand deposits which are unrestricted as to withdrawal.

Cash is valued at face value. Cash in foreign currency is valued at the current exchange rate.

The Group recognized cash as current asset when it is not restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

4.12 Trade and other receivables

Trade and other receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (*refer to the accounting policies for Revenue from contract with customers*). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

4.13 Other current assets

Other assets are recognized when the Group expects to receive future economic benefit from the other party, and the amount can be measured reliably. Other assets are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets.

4.14 Asset held for sale

An asset is classified as asset held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is highly probable. Asset held for sale is stated at the lower of its carrying amount and fair value less costs to sell.

4.15 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period such 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 an additional cost of property and equipment.

Depreciation and amortization of property and equipment commences once the fixed assets are available for use and is calculated on a straight-line basis over the following estimated useful lives:

Particulars	Number of Years
Leasehold improvements	5 years or lease term, whichever is shorter
Machinery and equipment	3 to 5
Office furniture, fixtures and equipment	3 to 5
Right-of-use assets	2 to 5

Depreciation is computed on the straight-line basis over the estimated useful lives of the depreciable assets. Further, amortization of right-of-use assets is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives being the lesser of the remaining lease term and the life of the asset.

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

When an asset is sold or retired, its cost and related accumulated depreciation and amortization and any impairment in value are eliminated from the accounts. Any gain or loss resulting from its disposal is credited to or charged against current operations.

4.16 Intangible assets

Intangible assets pertaining to software license costs that are acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, which do not exceed three years.

The remaining useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

4.17 Impairment of non-financial asset

The carrying values of property and equipment and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses of continuing operations are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired 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 profit or loss. After such a reversal, the

depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.18 Accounts payable and accrued expenses

Accounts payable and accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced, or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amount of accruals; however, the uncertainty is generally much less than for provision.

4.19 Equity

Share capital

Share capital is determined using the nominal value of shares that have been issued.

Additional paid-in capital

Additional paid-in capital includes any premiums received on the initial issuance of share capital. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net

Retained earnings (deficit)

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has debit balance, it is called "deficit", and presented as a deduction from equity of tax, from the proceeds.

4.20 Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognized at a point in time 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 the goods or services. The Group applies this standard with its revenue arrangements on the holding business interests in companies engaged in the manufacture of chemicals, petrochemical and contract logistics..

To determine whether to recognize revenue, the Group follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following gating criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract; and,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Company performs;

- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 5.

Revenue includes only the gross inflow of the economic benefits received and receivable by the Group on its own account. Amounts collected on behalf of third parties, such as reimbursable transactions are not economic benefits to the Group and do not result in increase in equity; therefore, they are excluded from revenue.

- Logistics and other services is recognized when the related services are rendered.
- Dividend income is recognized when the right to receive the payment is established.
- Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.
- Other income is recognized when earned.

Contract balances

Receivable from Customers

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

Contract assets

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

Cost to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them.

Contract liabilities

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

4.21 Cost and expenses

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

Costs and expenses are recognized in profit or loss in the separate statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined;
- or
- immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Cost of services - include direct material costs, personnel expenses, depreciation, utilities and other service-related costs. These are recognized when the services are used or the expenses are incurred.

General and administrative expenses - Expenses incurred in the direction and general administration of day-to-day operation of the Group are generally recognized when the services are used or the expenses incurred.

4.22 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease 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 assesses whether the contract meets three key evaluations which are whether:

- a) the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- b) the Group has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c) the Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a lessor

Lease payment received is recognized as income in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

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.

(a) Right-of-use asset

At the initial application date, the Group recognizes a right-of-use asset on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the initial application date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

4.23 Retirement benefits cost

Employee benefits are all forms of considerations given by the Group in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

Retirement benefits

The Group does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group.

The Group provides for estimated retirement benefits to be paid under Republic Act (RA) No. 7641 to its permanent employee. The amount of retirement benefits is dependent on such factors as years of service and compensation.

4.24 Income tax

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits from MCIT and NOLCO and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

4.25 Value Added Taxes (VAT)

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

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

For acquisition of capital goods over ₱1,000,000, the VAT is deferred and amortized over the useful life of the related capital goods or 60 months, whichever is shorter, commencing on the date of the acquisition.

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than ₱3,199,200, a tax exemption applies.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Company. Input tax pertains to the 12% VAT paid or payable by the Company in the course of its trade or business on

purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the statements of financial position.

4.26 Related party transactions and relationship

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Group and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

An entity is related to the Group if any of the following conditions apply:

- The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Group when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Group. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

4.27 Earnings per share (EPS) attributable to equity holders

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Group has no dilutive potential common shares outstanding.

4.28 Provisions

Provisions are recognized only when the Group has (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. 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 assessment 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 interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a Group asset but only when the receipt of the reimbursement is virtually certain.

4.29 Contingencies

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

4.30 Events after the reporting date

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

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

5.1 Judgments

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

Going concern

As of December 31, 2023 and 2022, the Group's management has made an assessment on the Group's ability to continue as a going concern in the current evolving environment especially on the impact of COVID-19 pandemic and is satisfied that the Group has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Determination of functional currency

The consolidated financial statements are presented in the Philippine Peso, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

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

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

Classifying financial instruments

The Group manages its financial assets based on business models that maintain adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

Assessing significant influence and control over investee.

The Group determines that it has control over its subsidiaries by considering, among others, its power over 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. The following are also considered:

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

Consolidation of SPE

An entity is considered a SPE and included in consolidation even in cases when the Group owns less than one-half or none of the SPE's equity, when the substance of the relationship between the Group and the SPE indicates that the SPE is controlled by the Group. While the Group has no ownership interest in Polymax, this SPE was included in the 2006 consolidated financial statements and prior years. However, in 2007 up to the current year, the SPE was no longer consolidated because it had ceased operating as a going concern (see Note 15).

Revenue recognition from contracts with customers

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the (a) identification of the contract for sale of services that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; and (c) determining the timing of satisfaction of the performance obligation.

Identification of the contract

The Group's primary document for a contract with a customer is a signed contract. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for its services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Determining performance obligation

With respect to its business, the Group concluded that the transfer of services in each contract constitute a performance obligation. In particular, the promised services in contracts for holding interests in companies

engaged in the manufacture of chemicals, petrochemical and contract logistics mainly include holding stock or membership interests in other companies. Generally, the Group is responsible for all of these services and the overall management of the project. Although these services are capable of being distinct in the context contract.

The Group uses those services as inputs and provides a significant service of integrating them into a combined output.

Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for a recognition over a period of time:

- (a) The customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- (b) the Group's performance does not create an asset with an alternative use and;
- (c) the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised services are specifically identified in the contract. In addition, the customer is contractually obliged to make payments to the seller upon performance of services.

Determination whether an agreement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting for lease commitments

Group as a lessor

Lease payment received is recognized as income in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

The rent income recognized for the years ended December 31, 2023, 2022 and 2021 amounted to ₱31,461,030, ₱48,670,646, and ₱44,117,096, respectively (Note 32).

Group as a lessee

The Group entered into several lease agreements covering its office premises and warehouses. Terms of the lease agreements range from 1 year to 5 years under renewable options. Other leases entered into include clauses to enable upward revision of the rental charged on an annual basis - based on prevailing market rates.

In 2021, the Company entered into lease agreements with terms of 2 years, ending October 11, 2023, and November 2, 2023. All are under renewable options.

In 2022, the Company entered into lease agreements with terms of 2 years, ending February 28, 2024 and April 14, 2024 under renewable options.

In 2023, The Company entered into lease agreement with term of 1 year, ending in December 31, 2023, January 31, 2024 and February 28, 2024 under renewable options.

Following the adoption of PFRS 16, the Group recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Leases are further disclosed in Notes 20 and 32.

Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

5.2 Estimates and assumptions

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

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

Fair value of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 11 to the financial statements.

Impairment of equity investments

The Group treats equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Group treats “significant” generally as a decline of 20% or more below of the original cost of the investment, and “prolonged” as period longer than 12 months. In addition, the Group evaluates other factors for equity investments with no quoted bid prices such as changes in the issuer’s industry and sector performances, legal and regulatory framework, technology, and other factors that affect the recoverability of the investments.

Assessing ECL on financial assets

The Group applies the general approach in measuring the ECL. For cash in banks the Group assessed that cash is deposited with reputable banks that possess good credit ratings. For loan receivable, accrued interest receivable, advances to contractors and related parties, the Group considers the financial capacity of the counterparty. No ECL was recognized in 2023 and 2022. The carrying amounts of the Group’s financial assets are as follows:

	Note	2023	2022
Cash in banks	12	₱ 49,294,006	₱ 53,274,684
Trade and other receivables, net	13	165,349,242	178,465,891
Refundable deposits	14,18	11,538,612	10,888,977

Estimating allowance for probable losses

The Group reviews the carrying amounts of receivables, creditable withholding and input taxes (under other current assets) and advances to Polymax (under asset held for sale) at each balance sheet date and reduces the balance of these assets to their estimated recoverable amounts.

Receivables (net of allowance for doubtful accounts of ₱149,387,367 and ₱149,343,619 as of December 31, 2023 and 2022) amounted to ₱165,349,242 and ₱178,465,891 as of December 31, 2023 and 2022, respectively (see Note 13).

The carrying amount of other current assets amounted to ₱26,076,083 and ₱20,449,318 as of December 31, 2023 and 2022, respectively as discussed in Note 14.

In 2023 and 2022, impairment loss, mainly pertaining to creditable withholding and input taxes, amounted to ₱14,708,415 and ₱14,565,161, respectively, as shown also in Note 14.

Estimating allowance for credit losses of advances

Advances to Polymax amounting both to ₱347,720,003 as of December 31, 2023 and 2022, constitute 49% and 46% of the Group's total assets at the end of 2023 and 2022, respectively. The realization of the Parent Company's advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, is dependent on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPCA and from the letter of comfort issued by the Parent Company's major stockholders in favor of the Parent Company, as discussed in Note 15.

In 2023, provision for estimated credit losses on advances to related party was recognized in compliance with the requirements of PFRS 9.

Allowance for estimated credit losses on advances to subsidiaries amounted to ₱177,954,487 (Note 30) for years ended December 31, 2023 and 2022. No write-off and recoveries were recognized by the Company as of December 31, 2023 and 2022.

Estimating useful lives and residual values of property and equipment and intangible assets

The Group estimates the useful lives and residual values of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives and residual values based on factors that include asset utilization, internal technical evaluation, technological changes, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property and equipment and intangible assets would increase depreciation and amortization expenses, while an increase in the estimated useful lives would decrease depreciation and amortization expenses.

There has been no change in the Group's estimate of the useful lives and residual values of its property and equipment in 2023 and 2022.

Evaluation of impairment of noncurrent non-financial assets

The Group assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual asset or, if it is not possible, for the cash generating unit to which the asset belongs.

Management believes that there was no indication of impairment on property and equipment as of December 31, 2023 and 2022. As of December 31, 2023 and 2022, property and equipment, net of accumulated depreciation, amounted to ₱24,229,337 and ₱56,057,673, respectively, (Note 17) and total depreciation charged to operations amounted to ₱39,309,493 and ₱42,430,435 (Note 17) for periods ending December 31, 2023 and 2022, respectively.

Incremental borrowing rate of lease liability

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The incremental borrowing rate is determined by the Group on the commencement date of the lease. As a result, it incorporates the impact of significant economic events and other changes in circumstances arising between lease inception and commencement.

This incremental rate is used to measure the lease liability at the present value of lease payments that are not paid at the end of lease term. In 2023 and 2022, the Group's determined incremental rates used to compute the carrying value of lease liability amounting to a total of ₱13,136,528 and ₱40,948,619 is ranging from 3% to 5% (Note 20).

Assessing realizability of deferred tax assets

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized in the future. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

The recognized net deferred tax assets amounted to ₱62,107,137 and ₱62,216,491 of December 31, 2023 and 2022, respectively (Note 22).

The Group did not recognize deferred tax assets of the Group and its non-operating subsidiaries amounting to ₱57,367,190 and ₱42,595,016 as of December 31, 2023 and 2022, respectively, as management believes that the Group and its non-operating subsidiaries may not have sufficient future taxable profits available to allow utilization of these deferred tax assets as discussed in Note 22.

Retirement benefits

The determination of the obligation and cost of retirement benefits is dependent on certain assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 29 to the consolidated financial statements and include, among others, discount rates, salary increase rates and expected rates of return on plan assets. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, will generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations.

Accrued retirement benefits costs amounted to ₱15,358,136 and ₱12,915,404 as of December 31, 2023 and 2022, respectively (Note 29).

5.3 Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 4.

Contingencies

The Group is currently involved in various legal proceedings, which are normal to its business as discussed in Note 33. The Group's estimate of the probable costs for these proceedings and resolution of these claims have been developed in consultation with outside counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. The Group does not believe that these legal proceedings will have a material adverse effect on its consolidated financial statements. It is possible, however, that changes in estimates relating to these proceedings may materially affect results of operations.

NOTE 6 – BUSINESS COMBINATION

The Parent Company, Metro Alliance Holdings and Equities Corp., acquired the subsidiaries and are accounted using the acquisition method. The following subsidiaries are as follows:

Operating subsidiaries

Metro Combined Logistics Solutions, Inc. (MCLSI) (Formerly GAC Logistics, Inc. (GACL))

MCLSI is 51% owned by the Parent Company, by virtue of a joint venture agreement with Gulf Agency Company (GAC) which owns the other 49%. MCLSI was registered with the Securities and Exchange Commission on September 30, 1998. MCLSI is primarily engaged in carrying on all or part of the business of contract logistics and supply chain management services, including third party warehousing and distribution, consultancy and project management and value-added services to customers throughout the Philippines. MCLSI's business is steadily growing with the entry of new principals and additional businesses from its existing principals.

Non-operating subsidiaries

Consumer Products Distribution Services, Inc. (CPDSI)

CPDSI is a wholly owned subsidiary of the Parent Company. It was first incorporated on November 11, 1993 as Metro Drug Distribution, Inc. (MDDI). On November 7, 1997, the Securities and Exchange Commission approved the renaming of MDDI to CPDSI. Prior to 2002, CPDSI was involved in providing logistics and administrative services in connection with the sale and distribution of principals' products. The last service agreement expired in 2002. In January 2002, CPDSI shifted into the business of importation and toll manufacturing of propylene and distribution of polypropylene in the local market. In April 2003, CPDSI ceased its polypropylene business operations due to the substantial increase in prices of imported raw materials. Management intends to continue pursuing the petrochemical business. Currently, CPDSI has no business operations.

FEZ-EAC Holdings, Inc.

FEZ-EAC Holdings, Inc. became a wholly owned subsidiary of the Parent Company on November 11, 2002. It was incorporated on February 3, 1994. It ceased operations at the end of 2001 following the expiration of the third-party logistics contract of its subsidiary with Phillip Morris Philippines, Inc.

Zuellig Distributors, Inc.

Zuellig Distributors, Inc. is a wholly owned subsidiary of the Parent Company. It ceased operations on June 30, 1999 following the expiration of its exclusive distribution agreement with its single principal. It was incorporated on October 18, 1985.

Asia Healthcare, Inc.

Asia Healthcare, Inc. is 60% owned by the Parent Company. AHI was first incorporated on July 2, 1918. In August 2000, the Parent Company invested in AHI. However, in 2002, it ceased operations due to heavy losses. The low volume and minimal margin on the sales of pharmaceutical products have not been sufficient to cover the costs of the services and products provided by AHI. Consequently, AHI was constrained to terminate contracts with its clients and cease its business operations. On December 17, 2002, AHI filed a voluntary petition for insolvency with the Pasig City Regional Trial Court (RTC). On February 27, 2003, the Pasig City RTC declared AHI as insolvent.

NOTE 7 – SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS
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In determining whether an NCI is material to the Parent Company, management employs both quantitative and qualitative factors to evaluate the nature of, and risks associated with, the Parent Company's interests in these entities, and the effects of those interests on the Parent Company's financial position. Factors considered include, but not limited to, carrying value of the subsidiary's NCI relative to the NCI recognized in the Parent Company's consolidated financial statements, the subsidiary's contribution to the Parent Company's consolidated revenues and net income, and other relevant qualitative risks associated with the subsidiary's nature, purpose and size of activities.

Based on management's assessment, the Group has concluded that MCLSI is considered a subsidiary with NCI that is material to the Parent Company.

The ability of the subsidiary to pay dividends or make other distributions or payments to their shareholders (including the Parent Company) is subject to applicable law and other restrictions contained in financing agreements, shareholder agreements and other agreements that prohibit or limit the payment of dividends or other transfers of funds.

The summarized financial information of MCLSI is presented below, before inter-company eliminations but after consolidation adjustments for goodwill, other fair value adjustments on acquisition and adjustments required to apply uniform accounting policies at group level.

Particulars	2023	2022
Equity share held by NCI	49%	49%
Summarized Statements of Financial Position:		
Current assets	₱ 199,192,531	₱ 210,204,961
Non-current assets	40,625,021	72,738,498
Current liabilities	94,187,267	116,509,732
Non-current liabilities	15,358,136	37,404,245
Total Equity	130,772,147	129,029,482
Equity attributable to Parent Company shareholders	66,693,795	65,805,036
Equity attributable to NCI	64,078,352	63,224,446
Summarized Statements of Comprehensive Income:		
Revenues	243,165,617	334,133,810
Net income	1,839,547	17,810,150
Income attributable to Parent Company shareholders	938,169	9,002,402
Income attributable to NCI	901,378	8,649,366
Dividends declared to NCI	-	-
Dividends paid to NCI	-	-
Summarized Statements of Cash Flows:		
Operating activities	33,263,621	62,072,143
Investing activities	(7,358,543)	(36,339,563)
Financing activities	(29,120,009)	(12,287,997)
Net increase in cash	(3,214,931)	13,444,583

NOTE 8 – SEGMENT INFORMATION

The Group's business activities are conducted in the Philippines and it is primarily in the contract logistics and supply chain management segment in 2023 and 2022.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, other current assets, asset held for sale and property and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses, due to related parties and long-term debt.

The financial information with regard to the Group's significant business segments as of December 31, 2023 and 2022 and for the years then ended is presented below.

	2023		
	Distribution and Contract Logistics	Other Businesses	Total
External Sales	₱ 243,165,617	₱ -	₱ 243,165,617
Results:			
Segment result	3,236,298	(7,145,262)	(3,908,964)
Other income	270,721	76	270,797
Provision for income tax	(1,764,353)	258,951	(1,505,402)
Net income	1,742,666	(6,886,235)	(5,143,569)
Other Information:			
Segment assets	240,317,551	464,837,576	705,155,127
Segment liabilities	109,545,404	599,493,038	709,038,442
Capital expenditures	7,625,427	-	7,625,427
Depreciation and amortization	39,311,512	174,495	39,486,007
Noncash items other than depreciation and amortization	20,231	-	20,231
	2022		
	Distribution and Contract Logistics	Other Businesses	Total
External Sales	₱ 334,133,810	₱ -	₱ 334,133,810
Results:			
Segment result	24,051,575	(292,316,431)	(268,264,856)
Other income	250,371	62	250,433
Provision for income tax	(6,654,170)	600,842	(6,053,328)
Net income	17,647,776	(291,715,527)	(274,067,751)
Other Information:			
Segment assets	282,943,459	465,921,331	748,864,790
Segment liabilities	153,913,977	593,690,557	747,604,534
Capital expenditures	10,497,983	-	10,497,983
Depreciation and amortization	42,560,949	174,495	42,735,444
Noncash items other than depreciation and amortization	2,240,955	-	2,240,955

NOTE 9 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are composed of cash and cash equivalents, receivable and payables. The main purpose of these financial instruments is to raise finances for the Group's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Group's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

9.1 Objectives and policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group is cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Group such as trade and other receivables and trade and other payables, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

9.2 Interest Rate Risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt. As of December 31, 2023 and 2022, the Group has no significant interest rate risk exposures since the interest rates are fixed up to the date of maturity.

9.3 Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below shows the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

Particulars	2023			
	On Demand	Within 1 Year	More than 1 Year	Total
Financial assets at amortized cost:				
Cash* (Note 12)	P 49,983,378	P -	P -	P 49,983,378
Trade and other receivables (gross) (Note 13)	-	165,562,882	149,343,619	314,906,501
Advances to related parties (Note 15)	-	-	353,028,706	353,028,706
Refundable deposits (Note 14, 18)	-	174,898	11,538,612	11,713,510
Subtotal	49,983,378	165,737,780	513,910,937	729,632,095
Financial assets at FVOCI (Note 16)	-	-	17,976,035	17,976,035
Total	49,983,378	165,737,780	531,886,972	747,608,130
Financial liabilities:				
Accounts payable and accrued expenses** (Note 19)	P -	P 249,659,577	P 123,438,803	P 373,098,380
Lease liability (Note 20)	-	13,136,528	-	13,136,528
Due to related parties (Note 21)	-	738,950	286,565,176	287,304,126
Total	-	263,535,055	410,003,979	673,539,034
Net Position	P 49,983,378	P (97,797,275)	P 121,882,991	P 74,069,094
*Excludes cash on hand				
**Excludes government liabilities				

Particulars	2022			
	On Demand	Within 1 Year	More than 1 Year	Total
Financial assets at amortized cost:				
Cash* (Note 12)	P 53,274,684	P -	P -	P 53,274,684
Trade and other receivables (gross) (Note 13)	-	178,465,891	149,343,619	327,809,510
Advances to related parties (Note 15)	-	-	347,720,003	347,720,003
Refundable deposits (Note 14, 18)	-	124,898	10,888,977	11,013,875
Subtotal	53,274,684	178,590,789	507,952,599	739,818,072
Financial assets at FVOCI (Note 16)	-	-	19,197,485	19,197,485
Total	53,274,684	178,590,789	527,150,084	759,015,557
Financial liabilities:				
Accounts payable and accrued expenses** (Note 19)	P -	P 266,814,491	P 123,438,803	P 390,253,294
Lease liability (Note 20)	-	16,459,778	24,488,841	40,948,619
Due to related parties (Note 21)	-	709,782	280,673,968	281,383,750
Total	-	283,984,051	428,601,612	712,585,663
Net Position	P 53,274,684	P (105,393,262)	P 98,548,472	P 46,429,894
*Excludes cash on hand				
**Excludes government liabilities				

9.4 Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements).

As at December 31, 2023 and 2022, the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

- a. Financial information on the Group's maximum exposure to credit risk as of December 31, 2023 and 2022, without considering the effects of collaterals and other risk mitigation techniques are presented below.

Particulars	2023	2022
Cash (Note 12)	₱ 49,983,378	₱ 53,452,684
Trade and other receivables, net (Note 13)	165,349,242	178,465,891
Advances to related parties (Note 15)	347,720,003	347,720,003
Refundable deposits (Note 14, 18)	11,713,510	11,013,875
Total	₱ 574,766,133	₱ 590,652,453

The Group does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

- b. Credit quality per class of financial assets

Description of the credit quality grades used by the Group follows:

Financial assets at FVOCI

High grade - Counterparties that are consistently profitable, have strong fundamentals and pays out dividends.
Standard grade - Counterparties that recently turned profitable and have the potential of becoming a high-grade Group. These counterparties have sound fundamentals.

Substandard grade - Counterparties that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

Financial assets at amortized cost

High grade - High probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - Collections are probable due to the reputation and the financial ability of the counterparty to pay.

Substandard grade - The counterparty shows probability of impairment based on historical trends.

The following table show a comparison of the credit quality of the Group's financial assets by class as at the reporting date:

As at December 31, 2023				
	Neither past due nor impaired		Past due but not impaired	Total
	High Grade	Standard Grade		
Financial assets at amortized cost:				
Cash in banks (Note 12)	₱ 49,983,378	₱ -	₱ -	₱ 49,983,378
Trade receivables (gross) (Note 13)	-	123,237,504	-	123,237,504
Other receivables (gross) (Note 13)	-	-	42,325,379	42,325,379
Advances to a related party (Note 15)	-	347,720,003	224,507,563	572,227,566
Refundable deposit (Note 14, 18)	11,713,510	-	-	11,713,510
Subtotal	61,696,888	470,957,507	266,832,942	799,487,337
Financial assets at FVOCI (Note 16)	17,976,035	-	-	17,976,035
Total	₱ 79,672,923	₱ 470,957,507	₱ 266,832,942	₱ 817,463,372

As at December 31, 2022				
	Neither past due nor impaired		Past due but not impaired	Total
	High Grade	Standard Grade		
Financial assets at amortized cost:				
Cash in banks (Note 12)	₱ 53,274,684	₱ -	₱ -	₱ 53,274,684
Trade receivables (gross) (Note 13)	-	136,375,232	-	136,375,232
Other receivables (gross) (Note 13)	-	-	42,260,551	42,260,551
Advances to a related party (Note 15)	-	347,720,003	224,507,563	572,227,566
Refundable deposit (Note 14, 18)	11,013,875	-	-	11,013,875
Subtotal	64,288,559	484,095,235	266,768,114	815,601,908
Financial assets at FVOCI (Note 16)	19,197,485	-	-	19,197,485
Total	₱ 83,486,044	₱ 484,095,235	₱ 266,768,114	₱ 834,799,393

The credit quality of receivables is managed by the Group using internal credit quality ratings. High and medium grade accounts consist of receivables from debtors with good financial standing and with relatively low defaults.

The Group constantly monitors the receivables from these customers in order to identify any adverse changes in credit quality. The allowance for doubtful accounts is provided for those receivables that have been identified as individually impaired.

NOTE 10 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES, & PROCEDURES

The Group's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Group considers its equity as capital.

The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

	<u>2023</u>	<u>2022</u>
Total liabilities	₱ 709,038,442	₱ 747,604,534
Total equity	<u>(3,883,315)</u>	<u>1,260,255</u>
Debt-to-equity ratio	<u>-182.59:1</u>	<u>593.22:1</u>

The Group has remained steadfast to regain its equity funding. Several actions were taken to conserve and manage the capital structure (Note 2).

NOTE 11 – FAIR VALUE MEASUREMENT

11.1 Carrying amounts and fair values by category

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments for the years ended December 31, 2023 and 2022:

Particulars	<u>2023</u>		<u>2022</u>	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortized cost				
Cash (Note 12)	₱ 49,983,378	₱ 49,983,378	₱ 53,452,684	₱ 53,452,684
Trade and other receivables, net (Note 13)	165,349,243	165,349,243	178,465,901	178,465,901
Advances to related party (Note 15)	347,720,003	347,720,003	347,720,003	347,720,003
Refundable deposits (Note 14, 18)	<u>11,713,510</u>	<u>11,713,510</u>	<u>11,013,875</u>	<u>11,013,875</u>
Subtotal	574,766,134	574,766,134	590,652,463	590,652,463
Financial assets at FVOCI (Note 16)	<u>17,976,035</u>	<u>17,976,035</u>	<u>19,197,485</u>	<u>19,197,485</u>
Total	₱ <u>592,742,169</u>	₱ <u>592,742,169</u>	₱ <u>609,849,948</u>	₱ <u>609,849,948</u>
Financial Liabilities				
Accounts payable and accrued expenses (Note 19)	₱ 373,098,380	₱ 373,098,380	₱ 412,356,761	₱ 412,356,761
Lease liability (Note 20)	13,136,528	13,136,528	40,948,619	40,948,619
Due to related parties (Note 21)	<u>287,285,426</u>	<u>287,285,426</u>	<u>281,383,750</u>	<u>281,383,750</u>
Total	₱ <u>673,520,334</u>	₱ <u>673,520,334</u>	₱ <u>734,689,130</u>	₱ <u>734,689,130</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Current financial assets and liabilities

Due to the short-term nature of the transactions, the carrying values of cash, receivables, refundable deposits, accounts payable and accrued expenses, due to related parties and current portion of long-term debt approximate their fair values.

Financial assets at FVOCI

The fair values of publicly traded instruments and similar investments are based on quoted bid prices. Unquoted equity securities are carried at cost, subject to impairment.

Financial assets at amortized cost

The carrying value of debt investment approximates the fair value, which is determined to be the present value of future cash flows using the prevailing market rate as the discount rate.

Due from/to related parties.

The carrying amounts of these related party transactions approximate their fair values.

11.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Group's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the fair value hierarchy of the Group's financial assets and liabilities, which are measured at fair value or requires disclosure as prescribed by other PFRS, as at December 31, 2023 and 2022:

December 31, 2023				
	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash (Note 12)	₱ 49,983,378	₱ -	₱ -	₱ 49,983,378
Trade and other receivables, net (Note 13)	-	-	165,349,242	165,349,242
Advances to related party (Note 15)	-	-	347,720,000	347,720,000
Refundable deposits (Note 14, 18)	-	-	11,713,510	11,713,510
Subtotal	49,983,378	-	524,782,752	574,766,130
Financial assets at FVOCI (Note 16)	17,976,035	-	-	17,976,035
Total	₱ 67,959,413	₱ -	₱ 524,782,752	₱ 592,742,165
Financial liabilities at amortized cost:				
Accounts payable and accrued expenses (Note 19)	₱ -	₱ -	₱ 373,098,380	₱ 373,098,380
Lease liability (Note 20)	-	-	13,136,528	13,136,528
Due to related parties (Note 21)	-	-	287,285,426	287,285,426
Total	₱ -	₱ -	₱ 673,520,334	₱ 673,520,334

		December 31, 2022			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash (Note 12)	₱	53,452,684	₱ -	₱ -	₱ 53,452,684
Trade and other receivables, net (Note 13)		-	-	178,465,901	178,465,901
Advances to related party (Note 15)		-	-	347,720,003	347,720,003
Refundable deposits (Note 14, 18)		-	-	11,013,875	11,013,875
Subtotal		53,452,684	-	537,199,779	590,652,463
Financial assets at FVOCI					
		19,197,485	-	-	19,197,485
Total	₱	72,650,169	₱ -	₱ 537,199,779	₱ 609,849,948
Financial liabilities at amortized cost:					
Accounts payable and accrued expenses (Note 19)	₱	-	₱ -	₱ 412,356,761	₱ 412,356,761
Lease liability (Note 20)		-	-	40,948,619	40,948,619
Due to related parties (Note 21)		-	-	281,383,750	281,383,750
Total	₱	-	₱ -	₱ 734,689,130	₱ 734,689,130

As at December 31, 2023 and 2022, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2023 and 2022.

Financial instruments not measured at fair value for which fair value is disclosed

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

NOTE 12 – CASH

As of December 31, the account consists of:

Particulars	2023	2022
Cash on hand	₱ 689,372	₱ 178,000
Cash in banks	49,294,006	53,274,684
Total	49,983,378	₱ 53,452,684

Cash in banks earn interest at the respective bank deposit rates. Interest income from banks amounted to ₱111,506 and ₱70,006 in 2023 and 2022, respectively (Note 27).

NOTE 13 – TRADE AND OTHER RECEIVABLES

As of December 31, the account consists of:

Particulars	2023	2022
Trade receivables	₱ 123,237,504	₱ 136,375,232
Notes receivable	143,865,021	143,865,021
Due from related parties (Note 30)	5,308,706	5,308,706
Other receivables	<u>42,325,378</u>	<u>42,260,561</u>
Subtotal	314,736,609	327,809,520
Less: Allowance for probable losses	<u>(149,387,367)</u>	<u>(149,343,619)</u>
Total	₱ <u>165,349,242</u>	₱ <u>178,465,901</u>

Trade receivables are non-interest bearing and are generally on 30 to 60 days' credit terms.

The notes receivable bear interest at 3.5% per annum and are payable in 365 days on demand, subject to renewal upon mutual consent. Notes receivables are considered impaired and covered with allowance for probable losses; accordingly, no interest income was recognized in 2023 and 2022.

Due from related parties are noninterest bearing and have no fixed repayment terms.

Other receivables pertain to advances subject for liquidation.

The movements in the allowance for probable losses are as follows:

Particulars	2023	2022
Balance at beginning of year	₱ 149,343,619	₱ 149,004,704
Reversal of allowance	-	-
Provision for the year (Note 29)	43,748	338,915
Write-off during the year	<u>-</u>	<u>-</u>
Balance at end of year	₱ <u>149,387,367</u>	₱ <u>149,343,619</u>

NOTE 14 – OTHER CURRENT ASSETS, NET

As of December 31, the account consists of:

Particulars	2023	2022
Creditable withholding taxes	₱ 9,377,384	₱ 9,300,295
Input taxes	9,471,199	9,534,367
Prepayments and others	21,761,017	16,054,919
Refundable deposits	<u>174,898</u>	<u>124,898</u>
Subtotal	40,784,498	35,014,479
Less: Allowance for impairment	<u>(14,708,415)</u>	<u>(14,565,161)</u>
Total	₱ <u>26,076,083</u>	₱ <u>20,449,318</u>

Input tax is the 12% value added tax (VAT) on purchase of goods or services in the course of its trade or business. At the end of each taxable period, input tax can be applied against output tax.

Prior year's excess credits represent excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Security deposits represent noninterest-bearing deposits made on lease and are usually refundable after the end of contract or services less any charges. Construction bonds represent noninterest-bearing bonds that are used to secure against damages during construction and will be refundable after the end of construction, net of any charges.

The movements in the allowance for impairment are as follows:

Particulars	2023	2022
Balance at beginning of the year	₱ 14,565,161	₱ 14,336,880
Reversal of allowance	-	-
Provision for the year (Note 28)	142,892	228,281
Write-off during the year	-	-
Balance at end of the year	₱ <u>14,708,053</u>	₱ <u>14,565,161</u>

NOTE 15 – ADVANCES TO A RELATED PARTY

Advances amounting to ₱347,720,003, which constitutes 49% and 46% of the Group's total assets as of December 31, 2023 and 2022, respectively, represents advances to Polymax, the Parent Company's special purpose entity incorporated in British Virgin Islands solely for the purpose of acquiring the petrochemical plant of NPCA as discussed in Note 2.

On March 18 and September 20, 2003, Polymax's interest in NPCA of 40% and 20%, respectively, was sold. Another 20% of the remaining interest of Polymax in NPCA was sold in late 2014, bringing down Polymax's interest in NPCA to 20% as of December 31, 2014.

The remaining 20% interest of Polymax in NPCA is for sale. In this regard and to ensure the recoverability of the Parent Company's advances to Polymax, the Parent Company's major stockholders issued a letter of comfort in favor of the Parent Company on September 30, 2014. To reiterate assurance of the collectability of the Parent Company's advances to Polymax, comfort letters dated March 7, 2024, March 9, 2023 and March 21, 2022 were issued by the major stockholders of the Parent Company.

During 2023, 2022 and 2021, the Company made additional collections of the advances from Polymax amounting to ₱690,908, ₱3,786,176, and ₱11,369,681, respectively.

In 2023, 2022, and 2021, provision for credit losses on Advances to Polymax amounting to ₱227,427,368, ₱226,612,595, and ₱224,507,563, respectively, was recognized in compliance with the requirements of PFRS 9.

Reclassification of Advances to Polymax

In 2022, the account was reclassified from Asset Held for Sale due to its nature of account. The reclassification has no effect in the consolidated retained earnings or cumulative deficit.

NOTE 16 – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
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As of December 31, the account consists of:

Particulars	2023	2022
At acquisition cost	₱ 16,270,963	₱ 16,270,963
Cumulative fair value gain – in equity	<u>1,705,072</u>	<u>2,926,522</u>
Total	₱ <u>17,976,035</u>	₱ <u>19,197,485</u>

The investment in securities consists of investment in shares of stock of a publicly listed Company whose fair value is based on published prices on Philippine Stock Exchange; and unquoted equity investment carried at cost.

The reconciliation of the carrying amounts of investments is as follows:

Particulars	2023	2022
Beginning balance	₱ 19,197,485	₱ 19,197,485
Additions	-	-
Fair value gain (loss)	<u>(1,221,450)</u>	<u>-</u>
Total	₱ <u>17,976,035</u>	₱ <u>19,197,485</u>

Movements in the net unrealized gain on equity instruments financial assets are as follows:

Particulars	2023	2022
Beginning balance	₱ 2,926,522	₱ 2,926,522
Fair value gain (loss)	<u>(1,221,450)</u>	<u>-</u>
Total	₱ <u>1,705,072</u>	₱ <u>2,926,522</u>

The net unrealized gain on equity investments is deferred and presented separately as fair value reserve under the equity section of the consolidated financial position.

NOTE 17 – PROPERTY AND EQUIPMENT

As of December 31, 2023, this account consists of the following:

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Leasehold improvements	₱ 7,791,392	80,089	-	₱ 7,871,481
Machinery and equipment	41,917,424	1,754,911	-	43,672,335
Office furniture, fixtures, and computer equipment	22,597,137	319,891	569,259	22,347,769
Right-of-use asset	119,077,215	5,470,535	-	124,547,750
Total	191,383,168	7,625,427	569,259	198,439,335
Accumulated depreciation:				
Leasehold improvements	4,855,993	1,689,887		6,545,880
Machinery and equipment	30,641,988	4,226,517		34,868,505
Office furniture, fixtures, and computer equipment	19,601,459	1,566,309	427,009	20,740,759
Right-of-use asset	80,226,055	31,828,799		112,054,854
Total	₱ 135,325,495	39,311,512	427,009	₱ 174,209,998
Net Book Value	₱ 56,057,673			₱ 24,229,337

As of December 31, 2022, this account consists of the following:

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Leasehold improvements	₱ 5,797,581	1,993,811	-	₱ 7,791,392
Machinery and equipment	35,411,347	6,506,077	-	41,917,424
Office furniture, fixtures, and computer equipment	20,599,042	1,998,095	-	22,597,137
Right-of-use asset	148,996,123	-	(29,918,908)	119,077,215
Total	210,804,093	10,497,983	(29,918,908)	191,383,168
Accumulated depreciation:				
Leasehold improvements	3,380,375	1,475,618	-	4,855,993
Machinery and equipment	27,007,205	3,634,783	-	30,641,988
Office furniture, fixtures, and computer equipment	17,916,699	1,684,760	-	19,601,459
Right-of-use asset	95,027,444	35,635,274	(50,436,663)	80,226,055
Total	₱ 143,331,723	42,430,435	(50,436,663)	₱ 135,325,495
Net Book Value	₱ 67,472,370			₱ 56,057,673

The Group elected to use the cost model in accounting for property and equipment. They also believed that the carrying amount of its property and equipment during the year are not impaired.

In 2022, a Group subsidiary's adjusted its Right-of-use account to effect the overstatement of the account, its accumulated depreciation of right-of-use asset and lease liability amounting to ₱29,918,908, and ₱40,948,619, respectively due to early termination of the lease contract during 2022.

None of the properties were pledged or mortgaged as collateral to secure any of the Company's loans.

Depreciation expense is recognized under cost of services and general and administrative expense. To wit:

Particular	2023	2022	2021
Cost of services (Note 26)	₱ 35,783,811	₱ 39,172,588	₱ 34,087,802
General and administrative expenses (Note 28)	<u>3,525,682</u>	<u>3,257,845</u>	<u>2,644,414</u>
Total	₱ <u>39,309,493</u>	₱ <u>42,430,433</u>	₱ <u>36,732,216</u>

NOTE 18 – OTHER NON-CURRENT ASSETS

As of December 31, this account is composed of the following:

Particulars	2023	2022
Refundable deposits, non-current portion	₱ 11,538,612	₱ 10,888,977
Intangible assets	<u>175,292</u>	<u>416,262</u>
Total	₱ <u>11,713,904</u>	₱ <u>11,305,239</u>

Intangible assets pertain to non-exclusive software license costs for use in MCLSI's warehouse management system.

The carrying amount of intangible assets as of December 31, 2023 is as follows:

Particulars	Beginning balances	Additions / Provisions	Disposals / Adjustments	Ending balances
Cost:				
Software costs	₱ 2,801,558	₱ 37,000	₱ -	₱ 2,838,558
Accumulated depreciation:				
Software costs	<u>2,385,296</u>	<u>277,970</u>	<u>-</u>	<u>2,663,266</u>
Net book value	₱ <u>416,262</u>			₱ <u>175,292</u>

The carrying amount of intangible assets as of December 31, 2022 is as follows:

Particulars	Beginning balances	Additions / Provisions	Disposals / Adjustments	Ending balances
Cost:				
Software costs	₱ 2,576,181	₱ 225,377	₱ -	₱ 2,801,558
Accumulated depreciation:				
Software costs	<u>2,080,287</u>	₱ 305,009	₱ -	<u>2,385,296</u>
Net book value	₱ <u>495,894</u>			₱ <u>416,262</u>

Intangible assets which have been fully amortized were due to MCLSI's management assessment that these will no longer provide a future economic benefit to the Group.

The Group has no intangible assets pledged as security for any liability and has no outstanding contractual commitments to acquire certain intangible assets.

NOTE 19 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Details of this account are as follows:

Particulars	2023	2022
Current portion		
Trade payables	₱ 39,634,905	₱ 59,017,983
Accrued expenses	172,394,403	170,206,664
Other current liabilities	57,771,541	59,693,311
Subtotal	269,800,849	288,917,958
Non-current portion		
Accrued expenses	123,438,803	123,438,803
Total	₱ 393,239,652	₱ 412,356,761

Trade payables are noninterest bearing and have credit terms of 30 to 60 days.

Accrued expenses include provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered.

Provisions relate to pending claims jointly and severally against the Parent Company and Polymax and pending claims and tax assessment solely against the Parent Company. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the related claims and tax assessments.

The Group reclassified to non-current portion the accruals made which pertains to management fee and reserve for contingency BIR amounting to ₱39,685,406 and ₱83,753,397, respectively. These are not expected to be settled within one year or the Group's operating cycle, whichever is longer.

Other liabilities mainly pertain to payable to government agencies.

These liabilities are unsecured and noninterest-bearing.

NOTE 20 – LEASE LIABILITY

Lease liability relates to liability recognized in relation to the adoption of PFRS 16. As of December 31, 2023 and 2022, the Company's determined incremental rate used is between 3% and 5%.

As of December 31, this account consists of the following:

Particulars	2023	2022
Current	₱ 13,136,528	₱ 16,459,778
Non-current	-	24,488,841
Total	₱ 13,136,528	₱ 40,948,619

Interest expense pertaining to lease liability amounted to ₱1,483,268 and ₱2,758,781 for the years ended December 31, 2023 and 2022, respectively (Note 27).

In 2023 and 2022, movement of the account includes:

Particulars	2023	2022
Beginning balance	₱ 40,948,619	₱ 56,016,706
Additions	-	20,250,973
Payments	(27,812,091)	(35,319,060)
Total	₱ 13,136,528	₱ 40,948,619

NOTE 21 – DUE TO RELATED PARTIES

Details of this account are as follows:

Particulars	2023	2022
Philippine Estate Corporation	₱ 286,565,176	₱ 280,673,968
Others	738,950	709,782
Total	₱ 287,304,126	₱ 281,383,750

The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% interest per annum until the maturity date of March 15, 2026.

The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2023 and 2022, interest incurred amounted to ₱5,260,007.

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms (Note 30).

NOTE 22 – INCOME TAXES

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery or Tax incentives for Enterprises Act” (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity’s office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

In accordance with the Corporate Recovery and Tax Incentives Enterprises Act (CREATE) and Revenue Regulation Memorandum Circular No. 69-2023, effective July 1, 2023, the minimum corporate income tax (MCIT) rate will revert to two percent (2%) from one percent (1%). This adjustment applies to both domestic and resident foreign corporations, encompassing offshore banking units and regional operating headquarters.

- a. The components of the Group's benefit from income tax are as follows:

Particulars	2023	2022
Current tax expense	₱ (1,396,051)	₱ 6,736,786
Deferred tax benefit	<u>(109,350)</u>	<u>(683,458)</u>
Income tax expense	₱ <u>(1,505,401)</u>	₱ <u>6,053,328</u>

- b. The reconciliation of the provision for (benefit from) income tax loss computed at the statutory tax rate with the provision for (benefit from) income tax shown in the consolidated statements of comprehensive income is as follows:

Particulars	2023	2022
Provision for income tax loss at statutory tax rate	₱	₱ 68,269,814
Tax effects of:		
Interest income subject to final tax	-	-
Deferred tax assets	<u>(62,107,137)</u>	<u>(62,216,486)</u>
Income tax expense for the year	₱ <u>(62,107,137)</u>	₱ <u>6,053,328</u>

- c. The components of Group's deferred tax assets are the tax effects of the following:

Particulars	2023	2022
Deferred tax assets:		
Provision for credit losses	₱ 58,154,387	₱ 57,950,694
Accounts payable - HQ	1,861,694	1,861,694
Accrued retirement benefits costs	995,449	995,449
Provision for impairment	454,511	454,511
Net tax effect of PFRS 16	341,559	342,905
Unrealized foreign exchange loss	29,858	341,559
Effect of MRA on retained earnings	<u>269,679</u>	<u>269,679</u>
Total	₱ <u>62,107,137</u>	₱ <u>62,216,491</u>

- d. Deferred tax assets of the Parent Company and its non-operating subsidiaries amounting to ₱57,367,190 and ₱42,595,016 as of December 31, 2023 and 2022, respectively, pertaining to the items shown below, have not been recognized as management believes that the Group and its non-operating subsidiaries may not have sufficient taxable profits or tax liabilities against which these deferred tax assets may be utilized.

Particulars	2023	2022
Allowance for probable losses	₱ 158,224,602	₱ 158,020,909
NOLCO	<u>13,263,875</u>	<u>12,359,154</u>
Total	₱ <u>171,488,477</u>	₱ <u>170,380,063</u>

The NOLCO can be claimed as deduction from regular taxable income as follows:

<u>Year incurred</u>	<u>Valid Until</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
2023	2026	904,721	-	-	904,721
2022	2025	₱ 3,737,205	₱ -	₱ -	₱ 3,737,205
2021	2026	5,135,130	-	-	5,135,130
2020	2025	3,486,819	-	-	3,486,819
Total		₱ 13,263,875	₱ -	₱ -	₱ 13,263,875

NOTE 23 – SHARE CAPITAL

a. The Group's share capital as of December 31, 2023 and 2022 consists of the following common shares:

<u>Particulars</u>	<u>2023</u>	<u>2022</u>
Class "A" – ₱1 par value		
Authorized – 720,000,000 shares with par value of ₱1	₱ <u>720,000,000</u>	₱ <u>720,000,000</u>
Issued and outstanding – 183,673,470 shares with par value of ₱1	₱ <u>183,673,470</u>	₱ <u>183,673,470</u>
Number of equity holders	<u>629</u>	<u>629</u>
Class "B" – ₱1 par value		
Authorized – 480,000,000 shares with par value of ₱1	₱ <u>480,000,000</u>	₱ <u>480,000,000</u>
Issued and outstanding – 122,448,979 shares with par value of ₱1	₱ <u>122,448,979</u>	₱ <u>122,448,979</u>
Number of equity holders	<u>404</u>	<u>404</u>
Additional Paid-in Capital	₱ <u>3,571,923</u>	₱ <u>3,571,923</u>

The two classes of common shares are identical in all respects, except that Class "A" shares are restricted to Philippine nationals and the total number of Class "B" shares is limited to two-thirds of the total outstanding Class "A" shares.

On July 25, 2003, the Parent Company's stockholders approved the increase in authorized capital stock from ₱1.2 billion consisting of 1.2 billion shares to ₱5 billion consisting of 5 billion shares, both with par value of ₱1 per share. The increase did not push through because of dispute in the acquisition of the Petrochemical Project, which was finally settled in 2013 as discussed in Note 2. After final settlement of the dispute, the Parent Company's management has decided to pursue the said increase in authorized capital stock of the Parent Company.

NOTE 24 – CUMULATIVE DEFICIT

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

As of December 31, the account consists of the following:

Particulars	2023	2022
Cumulative deficit, beginning	₱ (376,142,514)	₱ (379,751,292)
Prior period adjustment	-	285,528
Adjusted balances	<u>(376,142,514)</u>	<u>(379,465,764)</u>
Net income (loss) based on the face of equity investments	(3,942,350)	11,966,902
(Add) Deduct: Non-actual gain/unrealized loss		
Unrealized loss (gain) on re-measurement of equity investments		-
Remeasurement loss (gain) on retirement plan	(20,231)	3,992
Non-controlling interest in net income	<u>(838,040)</u>	<u>(8,643,652)</u>
Net income (loss) actual/realized	<u>(4,780,390)</u>	<u>3,323,250</u>
Cumulative deficit, end	₱ <u>(380,922,904)</u>	₱ <u>(376,142,514)</u>

In 2023 and 2022, the Parent Company recognized provision for estimated credit losses of ₱0.8 million and ₱2.105 million, respectively, on advances to a related party which contributes to the material losses for the year. The provision is in compliance with the requirements of PFRS 9.

NOTE 25 – SALE OF SERVICES

For the years ended December 31, 2023, 2022 and 2021, the account comprises of sale of services amounting to ₱243,165,617, ₱334,133,810, , and ₱293,462,629, respectively.

NOTE 26 – COST OF SERVICES

For the years ended December 31, the account consists of:

Particulars	2023	2022	2021
Personnel costs	₱ 87,831,126	₱ 108,155,767	₱ 111,033,906
Depreciation (Note 17)	35,783,811	39,172,588	34,087,802
Rent and utilities	34,860,747	52,679,011	48,416,169
Transportation and travel	30,373,782	49,841,222	31,706,681
Security services	5,925,114	10,405,759	8,954,672
Outside services	3,694,983	5,848,075	3,605,738
Repairs and maintenance	1,992,445	3,451,505	2,022,075
Taxes and licenses	1,222,393	1,294,736	969,983
Communication and office supplies	177,746	221,441	338,254
Others	<u>605,236</u>	<u>1,715,105</u>	<u>464,149</u>
Total	₱ <u>202,467,383</u>	₱ <u>272,785,209</u>	₱ <u>241,599,429</u>

Others include software maintenance expense, insurance, and other consumable charges.

NOTE 27 – FINANCE AND OTHER INCOME, NET

For the years ended December 31, the account consists of:

Particulars	2023	2022	2021
Finance income (Note 12)	₱ 111,506	₱ 70,006	₱ 71,862
Finance costs (Note 20)	(1,483,268)	(2,758,781)	(2,629,721)
<i>Other income:</i>			
Miscellaneous	-	177,446	472,014
Other income	159,291	2,981	1,679,519
Subtotal	159,291	180,427	2,151,533
Finance and other income, net	₱ (1,212,471)	₱ (2,508,348)	₱ (406,326)

Others include incidental income on trucking services.

NOTE 28 – GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, the account consists of:

Particulars	2023	2022	2021
Personnel costs	₱ 15,921,895	₱ 15,614,237	₱ 14,520,212
Professional fees	4,896,101	4,175,275	3,066,538
Entertainment	3,824,617	466,081	379,334
Depreciation (Note 17)	3,525,682	3,257,845	2,644,414
Communication and supplies	2,287,094	2,258,887	4,512,496
Taxes and licenses	1,494,242	1,361,125	3,814,240
Rent and utilities	1,445,149	1,616,306	1,128,035
Provision for credit losses (Note 15)	814,773	2,105,032	224,507,563
Amortization of intangible assets (Note 18)	277,970	305,009	449,011
Provision for impairment	224,199	297,485	69,804
Transportation and travel	152,065	323,491	680
Insurance	98,306	253,730	85,887
Others	6,960,619	8,785,520	4,185,753
Total	₱ 41,922,712	₱ 40,820,023	₱ 259,363,967

Other expenses include outside services fee and miscellaneous expenses.

NOTE 29 – RETIREMENT BENEFITS COSTS

The Parent Company has an unfunded, non-contributory defined benefit retirement plan providing retirement benefits to its regular employee. MCLSI has a funded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of MCLSI's fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date.

The following tables summarize the components of net retirement expense recognized in the consolidated statements of comprehensive income and the funding status and amounts recognized in the consolidated financial position.

The components of retirement expense which were charged to operations are as follows:

Particulars	2023	2022
Current service cost	₱ 1,722,910	₱ 1,629,538
Interest cost	<u>740,053</u>	<u>611,417</u>
Total retirement expense	₱ <u>2,462,963</u>	₱ <u>2,240,955</u>

The details of the retirement obligation recognized in the consolidated financial position are as follows:

Particulars	2023	2022
Present value of benefit obligation	₱ 15,733,926	₱ 13,251,694
Fair value of plan assets	<u>(375,790)</u>	<u>(336,290)</u>
Liability recognized in the financial position	₱ <u>15,358,136</u>	₱ <u>12,915,404</u>

The changes in present value of retirement obligation are as follows:

Particulars	2023	2022
Present value of obligation at beginning of year	₱ 13,251,695	₱ 10,992,298
Current service cost	759,322	629,859
Interest cost on benefit obligation	1,722,910	1,629,538
Actuarial gain (loss)	-	-
Benefits paid	-	-
Write-off	<u>-</u>	<u>-</u>
Present value of obligation at end of year	₱ <u>15,733,927</u>	₱ <u>13,251,695</u>

The changes in the fair value of plan assets and actual return on plan assets are as follows:

Particulars	2023	2022
Fair value of plan assets at beginning of year	₱ 336,290	₱ 321,840
Expected return on plan assets	19,269	18,442
Actuarial gain (loss) on plan assets	20,231	(3,992)
Benefits paid	<u>-</u>	<u>-</u>
Fair value of plan assets at end of year	₱ <u>375,790</u>	₱ <u>336,290</u>

Movements in the net liability recognized in the current period are as follows:

Particulars	2023	2022
Liability recognized at beginning of the year	₱ 12,915,404	₱ 10,670,457
Retirement expense	2,462,963	2,240,955
Other comprehensive (income) loss	(20,231)	3,992
Benefits paid	-	-
Write-off	<u>-</u>	<u>-</u>
Liability recognized at end of the year	₱ <u>15,358,136</u>	₱ <u>12,915,404</u>

In 2020, the Board of Directors approved in its Board Resolution No. 12, dated December 23, 2020, the charge of gratuity pays of the retired employees, which amounted to ₱297,241, to accrued retirement benefits, and the write-off of the remaining retirement benefit payable of ₱672,444 since the Parent Company has no longer employees (Note 29). On September 1, 2022, despite hiring an employee to handle bookkeeping of the company, accrual of retirement benefit of such employee is deferred until a 5-year tenure is served.

Particulars	2023	2022
Retirement benefits costs – OCI, beginning	₱ 8,905,914	₱ 8,908,908
Actuarial gain (loss) recognized	(1,201,220)	(3,992)
Deferred tax	(5,058)	998
Retirement benefits costs – OCI, ending	₱ 7,699,636	₱ 8,905,914
Percentage of ownership	51%	51%
Equity holders of parent	₱ 3,926,814	₱ 4,542,016

The major categories of plan assets are as follows:

Particulars	2023	2022
Cash and cash equivalents	₱ 180	₱ 79
Investment in Unit Investment Trust Funds	336,110	321,761
Total	₱ 336,290	₱ 321,840

The assumptions used to determine retirement benefits costs for the years ended December 31 are as follows:

Particulars	2023	2022
Discount rate	5.73%	5.73%
Salary increase rate	3.00%	3.00%

The expected rate of return on plan assets assumed at a range of 5% to 6% was based on a reputable fund trustee's indicative yield rate for a risk portfolio similar to that of the fund with consideration of the funds' past performance.

A quantitative sensitivity analysis for significant assumption as at December 31, 2023 is as shown below:

	Sensitivity Level			
	1% Increase		1% Decrease	
Impact on Net Defined Benefit Obligation	In %	Amount	In %	Amount
Discount rate	6.73%	3,533,948	4.73%	4,245,920
Future salary increases	4.00%	4,278,704	2.00%	3,500,367

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The discount rate and the future salary increase rate assumed was 5.73% and 3.00%, respectively.

The average duration of the defined plan obligation at the end of the reporting period is 15.59 years for 2023, 2022 and 2021.

NOTE 30 - RELATED PARTY TRANSACTIONS

a. Due from/to related parties

In 2023, the Parent Company acknowledged its obligation to PHES, an affiliate who granted an interest-bearing, due, and demandable loan in favor of the Parent Company.

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

b. Compensation of key management personnel follows:

Particulars	2023	2022	2021
Short-term employee benefits	₱ 10,866,805	₱ 11,125,520	₱ 11,384,235

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under their respective entity's retirement plan.

c. The related relationships and amounts applicable to the Group's transactions with related parties as of December 31, 2023 and 2022 are as follows:

Name of the related party	Relationship	Nature of transaction	Country of incorporation
The Wellex Group, Inc.	Affiliate	Holding company	Philippines
Metro Combined Logistics Solutions, Inc.	Subsidiary	Third party logistics and warehousing	Philippines
Polymax Worldwide Limited	Affiliate	Series of acquisition transaction	British Virgin Island
Acesite (Phils.) Hotel Corporation	Affiliate	Hotel business and other accommodations	Philippines
Philippine Estate Corporation	Affiliate	Holding and developing real estate	Philippines

		Transactions		Outstanding Balance	
Particulars	Terms and Conditions	2023	2022	2023	2022
Due from related parties:					
The Wellex Group, Inc.	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	₱ -	₱ -	₱ 5,258,409	₱ 5,258,409
Metro Combined Logistics, Inc.	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	-	-	18,924	18,924
Others	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	-	-	31,373	31,373
Total (Note 13)		₱ -	₱ -	₱ 5,308,706	₱ 5,308,706
Advances:					
Polymax (Note 15)	Represents 20% share investment in NPCA	₱ -	₱ -	₱ 347,720,003	₱ 347,720,003

Due to related parties:

Philippine Estate Corporation	Secured, no impairment, no guarantee, interest bearing	-	5,891,207	286,565,176	280,673,968
Others	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	14,284	14,284	738,950	709,782
Total (Note 21)		<u>₱ 14,284</u>	<u>₱ 5,905,492</u>	<u>₱ 287,304,126</u>	<u>₱ 281,383,750</u>

The Parent Company issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% interest per annum until the maturity date of March 15, 2026.

NOTE 31 – BASIC INCOME PER SHARE

The following table presents the information necessary to compute the basic income per share attributable to equity holders of the Group:

Particulars	2023	2022	2021
Net income loss attributable to equity holders of the Parent Company	₱ (4,780,390)	₱ 3,323,250	₱ (165,082,448)
Weighted average number of common shares	<u>306,122,449</u>	<u>306,122,449</u>	<u>306,122,449</u>
Basic income per share	<u>₱ (0.0156)</u>	<u>₱ 0.0109</u>	<u>₱ (0.5393)</u>

NOTE 32 – SIGNIFICANT COMMITMENTS**Lease Agreements***As a lessor*

The rent income recognized by MCLSI, the operating subsidiary of the Parent Company, for the years ended December 31, 2023, 2022 and 2021 amounted to ₱31,461,030, ₱48,670,646, and ₱44,117,096, respectively.

As a lessee

The Group entered into several lease agreements covering its office premises and warehouses. Terms of the lease agreements range from 1 year to 5 years under renewable options. Other leases entered into include clauses to enable upward revision of the rental charged on an annual basis - based on prevailing market rates.

As permitted by PFRS 16, the Group applied the modified retrospective approach to existing operating leases which are capitalized under the new standard (i.e. retrospectively, with the cumulative effect recognized at the date of initial application as an adjustment to the opening balance of retained earnings with no restatement of comparative information in the financial statements).

In 2022, the Company entered into lease agreements with terms of 2 years, ending October 11, 2024, and November 2, 2024. All are under renewable options.

Following the adoption of PFRS 16, the Group recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Present value of lease liability as of December 31, 2023 is as follows:

Particulars	Beginning Balance	Adjustments	Interest	Payments (Principal & Interest)	Present Value (Year-end)
Chatellane Holding Co. Inc.	₱ 26,328,018	₱ -	₱ 855,649	₱ 19,154,501	₱ 8,029,166
BF Holdings, Inc.	794,795	-	4,970	799,765	-
Filipinas Benson Industrial & Development Corporation	6,862,351	-	203,694	5,807,160	1,258,885
Elizabeth Calantoc Uy	-	5,470,535	212,958	2,880,000	2,803,493
VY Industrial Builders, Inc.	6,728,480		205,997	5,949,120	985,356
	₱ 40,713,644	₱ 5,470,535	₱ 1,483,268	₱ 34,590,546	₱ 13,076,900

Present value of lease liability as of December 31, 2023 is as follows:

Lessors	Beginning Balance	Additions	Interest	Payments (Principal and Interest)	Present Value (Year-end)
Chatellane Holding Co. Inc.	₱ 47,382,217	₱ (2,072,521)	₱ 1,837,810	₱ 20,819,488	₱ 26,328,018
BF Holdings, Inc.	-	4,671,118	122,503	3,998,826	794,795
Filipinas Benson Industrial & Development Corporation	1,192,628	12,462,356	406,917	7,199,550	6,862,351
JB Realty and Development Corporation	6,459,272	(6,459,272)	-	-	0
VY Industrial Builders, Inc.	922,963	11,300,302	391,551	5,886,336	6,728,480
The Wellex Group, Inc.	59,627	348,990	7,000	180,000	244,976
	₱ 56,016,707	₱ 20,250,973	₱ 2,765,781	₱ 38,084,200	₱ 40,958,620

As of December 31, 2023, the Group's right-of-use asset, net of accumulated depreciation, and lease liability amounted to ₱12,492,896 (Note 17) and 13,136,528 (Note 20), respectively.

Consequently, the Group recognized depreciation expense and interest expense as reduction to the carrying amount of the asset and lease liability amounted to ₱31,654,304 (Note 17) and ₱35,635,274 (Note 20), respectively

As of December 31, 2022, the Group's right-of-use asset, net of accumulated depreciation, and lease liability amounted to ₱38,851,160 (Note 17) and ₱40,948,619 (Note 20), respectively.

Consequently, the Group recognized depreciation expense and interest expense as reduction to the carrying amount of the asset and lease liability amounted to ₱31,573,080 (Note 17) and ₱2,629,721 (Note 20), respectively.

Logistics Agreements

MCLSI has agreements with principals to provide logistics operations services, specifically warehousing and managing delivery of the principals' products to their key accounts and sub-distributors nationwide. Under the terms of these agreements, the principals shall pay MCLSI the agreed monthly fees plus reimbursement of certain warehouse expenses.

NOTE 33 – OTHER MATTERS

I. Legal cases

As of December 31, 2023, the Group has the following legal cases:

a. Metro Alliance vs. Commissioner of Internal Revenue

On July 5, 2002, the Parent Company received a decision from the Court of Tax Appeals (CTA) denying the Parent Company's Petition for Review and ordering the payment of ₱83.8 million for withholding tax

assessments for the taxable years 1989 to 1991. The Parent Company filed a Motion for Reconsideration on July 31, 2002 but this was subsequently denied by the CTA. A Petition for Review was filed with the CTA on November 8, 2002, which was also denied by the CTA. The Parent Company then appealed the decision of the CTA to the Court of Appeals (CA), which likewise denied the appeal and upheld the assessment against the Parent Company. The Parent Company, through its legal counsel, filed a Motion for Reconsideration with the CA in December 2003.

On July 9, 2004, the Parent Company received the CA resolution denying the Motion for Reconsideration. On July 22, 2004, the Parent Company filed with the CA a Motion for Extension of time to file an appeal to the Supreme Court (SC). On August 20, 2004, the Parent Company filed said appeal. On October 20, 2004, the Parent Company received the resolution of the SC denying its Petition for Review for lack of reversible error. The Parent Company filed a Motion for Reconsideration. On January 10, 2005, the SC issued an Order stating that it found no ground to sustain the Parent Company's appeal and dismissed the Parent Company's petition with finality.

On April 26, 2006, the Parent Company filed a Petition for Review before the CTA en banc. On March 7, 2007, the CTA en banc dismissed the Petition for lack of merit. The CTA en banc affirmed the CTA's decision granting the Motion for Issuance of Writ of Execution filed by the Commissioner of Internal Revenue.

As of December 31, 2023, the Parent Company has not received any order of Execution relative to this case. Accordingly, the related obligation is not currently determinable.

b. *Metro Alliance and Philippine Estate Corporation vs. Philippine Trust Company, et al., Civil Case SCA#TG-05-2519, RTC Tagaytay City Branch 18*

On September 14, 2005, the Parent Company (MAHEC) and Philippine Estate Corporation (PHES) filed a Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, and Annulment in Decrease in Interest rates, Service Charge, Penalties and Notice of Sheriffs Sale, plus Damages with prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction. The case stemmed from imminent extra-judicial foreclosure of four (4) mortgaged Tagaytay lots covered by Transfer Certificate of Title (TCT) Nos. T-355222, T-35523, T-35524 and T-35552 subject to the Real Estate Mortgage executed by MAHEC and PHES securing ₱280 million loan last December 2003.

On October 6, 2005, the Regional Trial Court (RTC) of Tagaytay City issued and granted the Writ of Preliminary Injunction (first injunction). The preliminary injunction issued by the RTC stopping the foreclosure was nullified by both Court of Appeals and Supreme Court, after which Philtrust proceeded to foreclose, and acquired those properties for only ₱165.8 million. When MAHEC and PHES failed to redeem, Philtrust consolidated title and Tagaytay registry issued new TCTs cancelling PHES' TCT. On October 10, 2011, MAHEC filed Notice *Lis Pendens* vs. four (4) new TCTs of Philtrust.

The case is now back to Tagaytay RTC for trial hearings under new acting Judge Jaime Santiago. MAHEC and PHES already presented witnesses. Next trial hearing was set on April 12, 2016 for presentation of plaintiff's last witness for explanation of why the checks issued in 2004 in favor of Philtrust Bank intended to settle the loan were all dishonored and were returned unpaid.

The Parent Company was able to get the formal trial started and on-going. The Parent Company's most important move was the presentation of a very competent real estate appraiser, realtor, Cesar Santos, who was able to successfully defend in court his ₱811.6 million valuation of the foreclosed Tagaytay properties. Trial hearings are on-going, and it is now defendant Bank's turn to adduce evidence. Plaintiffs have closed their evidence presentation wherein all offered evidence were admitted, over the objections of defendant Bank. At the last hearing held on December 6, 2016, defendant Bank's star witness was subjected to Plaintiff's cross examination wherein they obtained many damaging admissions against the Bank. Plaintiff's counsels' cross-examination resumed at trial hearing last April 25, 2017.

Damages sought are ₱1,000,000 as and by way of exemplary damages and ₱500,000 as and by way of attorney's fees, litigation expenses and cost of suit.

On February 21, 2019, the defense presented its second witness, Mr. Godofredo Gonzales, an appraiser of Philippine Trust Company. However, the cross-examination of the witness was reset to June 27, 2019.

On October 17, 2019, Philtrust submitted a Formal Offer of Evidence in RTC.

In 2020, the Parent Company acknowledged the obligation to PHES, which was due and demandable on June 30, 2020. The Parent Company, however, failed to pay the amount on that date, for which, legal interest has been accrued at the end of the year.

As at December 31, 2023, this is awaiting decision of the court.

- c. MAHEC, POLYMAX & WELLEX vs. Phil. Veterans Bank., et al., Civil Case #08-555 now SC GR. No. 240495 and 240513, RTC Makati Branch 145

The case is an injunction suit with damages filed on July 23, 2008 in RTC-Makati to nullify the foreclosure of Pasig lot securing a ₱350 million loan obtained by MAHEC, Polymax and Wellex. Initially, Temporary Restraining Order (TRO) and preliminary injunction was issued, but afterwards, it was lifted, enabling Philippine Veterans Bank (PVB) to foreclose. In successive certiorari cases that plaintiffs filed, both Court of Appeals (CA) and Supreme Court (SC) upheld PVB. Worse yet, due to major lapse of the plaintiff's original counsels, *lis pendens* on foreclosed Pasig lot was cancelled, and in March 2012, PVB sold the lots to Zen Sen Realty Development Corporation who got new Transfer Certificate of Title (TCT). The above case was consolidated with other case of affiliated company with the same RTC. In 2013, Parent Company's legal counsel brought Zen Sen Realty Development Corporation as defendant also and prayed that the PVB sale to it be nullified. In October 2014, Parent Company's legal counsel dropped Zen Sen Realty as an unnecessary defendant, after which DECISION was rendered vs. PVB on January 9, 2015, declaring the ₱550M loan (total loan of MAHEC, Polymax, Wellex and other affiliated companies) as fully paid, and even over-paid; discharging all the mortgages, and voiding the 2012 sale made to Zen Sen. PVB was ordered to refund to plaintiffs the ₱3.25 million overpayment. PVB filed a motion for reconsideration which was denied. PVB filed Notice of Appeal to Court of Appeal on May 8, 2015, which the Parent Company's legal counsel questioned as defective, but the RTC ruled against the company in its May 12, 2015 Order.

Upon appeal thereof by both parties, the Court of Appeals rendered its Decision dated June 29, 2017, partly granting PVB's appeal, and declared that: (a) the legal interest of 12% per annum be applied to the principal amounts; and (b) that MAHEC, et al. remain liable to pay PVB the amount of ₱69.7 million as of November 2006. MAHEC, et al. filed their "Motion for Reconsideration" dated July 31, 2017. The Court of Appeals rendered its Amended Decision dated February 28, 2018, stating that the outstanding obligation of MAHEC, et al., if any, shall earn interest at 6% per annum from July 1, 2013 onwards, pursuant to Central Bank Circular No. 799. The Court of Appeals denied PVB's Motion for Reconsideration thereof in its Resolution dated July 2, 2018.

On August 24, 2018, MAHEC, et.al filed with the Supreme Court its "Petition for Review on Certiorari" dated August 22, 2018. This was consolidated with PVB's "Petition for Review" dated August 24, 2018, which was previously raffled to the Supreme Court's Third Division.

In G.R. No. 240495, Parent Company received a copy of PVB's 'Comment/Opposition' dated October 30, 2019. On December 4, 2019, MAHEC, et al. filed "Motion to Admit Reply" with attached Reply, both dated November 28, 2019.

In G.R. No. 240513, MAHEC, et al. already "Comment (On the Petition for Review dated August 24, 2018)" dated August 30, 2019.

On February 23, 2021, the case was set for the presentation of plaintiffs' evidence. However, the case was rescheduled on June 22, 2021 due to lack of return card of the notice of the hearing sent to defendant's counsel.

On April 18, 2022, MAHEC et al received the Supreme Court's Notice of Judgment dated April 4, 2022 with attached Decision dated September 15, 2021, rendered in the case which they filed to restrain PVB from foreclosing on the Pasig property. Thereafter, PVB filed its undated Motion for Reconsideration on May 5, 2022.

In response, PVB filed its Opposition dated November 2, 2022, praying that MAHEC, et al.'s Motion should be denied. In its order dated November 7, 2022, the trial court partially granted MAHEC et al.'s Motion and issued a Writ of Execution of even date, ordering its Sheriff to demand the Register of Deeds, Pasig City, to: (a) cancel PVB's TCT No. 011-2010000057 over the Pasig Property; and (b) reconstitute Wellex's TCT No. PT-101589 thereover.

The parties filed their respective Motion for Partial Reconsideration. MAHEC, et. al. prayed that the order securities mortgaged to the loan must be discharged and released, as decided by the trial court in its Decision dated January 9, 2015, and attached to their Motion appraisal reports showing the amounts of reasonable rent to which Wellex is entitled. On the other hand, PVB argued in its Motion that Wellex's TCT No. PT-101589 cannot be reconstituted because the Pasig Property was already transferred to a third party, Zen Sen Realty Development Corporation. The trial court denied both Motions.

Meanwhile, the trial court's Sheriff reported to MAHEC, et.al. that despite their demand on the Register of Deeds, Pasig City, the latter was unable to reconstitute Wellex's TCT No. PT-101589 over the Pasig Property. However, on January 16, 2023, the Register of Deeds of Pasig City, subsequently complied with the Writ and: (a) reported that PVB's TCT No. 011-201000057 has already been cancelled; and (b) duly issued TCT No. 011-2023000787 over the Pasig Property, in the name of Wellex. Thus, the Decision has been partially satisfied as regards the portion of the judgment award directing the Register of Deeds of Pasig City to reconstitute the title of the Pasig Property in favor of Wellex.

Thereafter, PVB filed its "Motion for the Issuance of a Writ of Execution" dated March 10, 2023, praying that the trial court issue a writ of execution ordering MAHEC, et. al. to pay to PVB their outstanding principal obligation of Php66,202,988.64, plus interest until full payment, and/or garnish upon MAHEC, et. al.'s properties not exempt from execution in the event they refuse to pay said amounts.

In response, MAHEC, et. al. filed their Opposition dated March 28, 2023 opposing the same for being grossly premature and for utter lack of merit, considering that legal compensation may take place as regards the respective judgment awards in favor of Wellex and PVB, for reasonable rent and the amount of the outstanding loan obligation plus interest, respectively.

The cases were re-raffled to RTC-Makati, Branch 56. Upon MAHEC, et al.'s motion, in its Order dated August 10, 2023, the presiding judge of RTC-Makati, Branch 56 voluntarily inhibited himself from presiding in this case because he was formerly part of Wellex's corporate counsel. Thus, these cases were re-raffled to RTC-Makati, Branch 142, on August 22, 2023.

As of to date, the following judgment awards from the Supreme Court's Decision have not yet been executed: (a) the amount of reasonable rent owed by PVB to Wellex over the Pasig Property, for which MAHEC, et al. submitted the "Appraisal Report CPAC File No. 22-C347-B" Retrospective as of December 2021 and November 2022 on the Pasig Property, to aid the trial court's computation; and (b) MAHEC, et al.'s outstanding principal obligation to PVB in the amount of Php66,202,988.64 plus interest.

At the hearing on November 16, 2023, MAHEC et al. presented their witness who identified the Judicial Affidavit dated November 9, 2023. Thereafter, MAHEC, et al. filed their "Motion to Recall" with attached "Second Judicial Affidavit" both dated December 6, 2023.

The schedule of hearings for the presentation of evidence to ascertain reasonable rent was set in the next succeeding months.

As of December 31, 2023, the parties are preparing for the scheduled hearings and decision is not determinable.

d. MAHEC, POLYMAX, Renato B. Magadia (Metro Group/plaintiffs) vs NPC International Limited, et al. (NPC Group/defendants) Civil Case No. R-PSG 19-02106, RTC Pasig City Branch 159 and related cases

On August 1, 2019, MAHEC together with co-plaintiffs, Polymax Worldwide Limited (Polymax) and Renato B. Magadia instituted a civil case in the Regional Trial Court (RTC) of Pasig City – Branch 159 against NPC International Limited (NPCI), NPC Alliance Corporation (NPCA), et. al. docketed as Civil Case No. R-PSG 19-02106CV for mismanagement and damages, restitution of 80% equity in NPCA, deletion from the accounting books and financial statements of NPCA the accounts due to Parent Company and trade payables due to NPCI and PGPCI as reflected in the audited financial statements of NPCA, reimbursement of total accumulated losses as reflected in 2018 audited financial statements of NPCA as well as reimbursement of opportunity losses in the amount of Php100 million.

After failure of settlement in both Mediation and Judicial Dispute Resolution proceedings, the case is now set for pre-trial. The Pre-Trial hearing was set originally on August 1, 2023. However, due to the ongoing compromise talks between the parties, both parties filed two (2) Joint Motion to Cancel and Reset Hearing

on July 31, 2023 and October 31, 2023. Both Joint Motion were granted by the Court. Hence, the Pre-Trial hearing is scheduled on January 30, 2024.

On the other hand, NPCI filed a countersuit with the Permanent Court of Arbitration at the Hague. This counter suit prays for payment by the MAHEC and Polymax of costs and damages that the NPCI has incurred for the preservation of the Bataan polyethylene plant from 2018 to the date of the award. MAHEC and Polymax questioned the jurisdiction of the Permanent Court of Arbitration. Nonetheless, the arbitral court refused to bifurcate the issue on jurisdiction but proceeded with the arbitration proceedings. As a matter of courtesy, but without prejudice to its position that they are not subject to the jurisdiction of the Honorable Tribunal, MAHEC and Polymax submitted all its Replies on the arguments presented by NPCI.

Due to the ongoing compromise talks between the parties, both parties agreed to suspend the proceedings for a period of three (3) months.

- e. Metro Alliance Holdings & Equities Corporation, Polymax Worldwide Limited, And Renato B. Magadia vs. Regional Trial Court-Pasig (Branch 159), NPC Alliance Corporation, Amir Hatami Ramsheh, Homayoon Izadi, and Rannier Espino G.R. No. 261861

Pending before the Supreme Court is MAHEC's Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court docketed as G.R. No. 26186 to nullify and set aside the Resolution dated July 28, 2021 and Resolution dated June 3, 2022 of the Court of Appeals (CA) former Twelfth Division in the case of CA-GR SP. No. 166958. On May 19, 2023, MAHEC, through counsel, received Supreme Court's Resolution dated February 22, 2023 denying MAHEC's Petition for lack of merit. On June 5, 2023, MAHEC, through counsel, filed a Motion for Reconsideration asking the Honorable Court to consider its Resolution dated February 22, 2023. The aforesaid Motion is pending before the Court.

- f. There are also other pending minor legal cases against the Parent Company. Based on the facts of these cases, management believes that its positions have legal merits and the resolution thereof will not materially affect the Parent Company's financial position and result of operations.

II. Effect of the Reissuance of the Audited Financial Statements

The Group's cash flow statements for the years ended December 31, 2021, 2020, and 2019 were adjusted to correct the presentation of non-cash additions on the Right-of-use asset account in the "Acquisition of property and equipment" under Investing Activities, and the payments made on Lease liability in the "Payment of lease liability" under Financing activities.

The summary of corrections made to the cash flow statements are as follows:

Particulars	2021	December 31, 2020	2019
Investing activity			
Acquisition of property and equipment			
Amount per audited FS	₱ (32,057,584)	₱ (24,626,568)	₱ (110,796,639)
Corrections/Adjustments	19,483,532	23,207,814	106,304,776
Adjusted amount	<u>(12,574,052)</u>	<u>(1,418,754)</u>	<u>(4,491,863)</u>
Financing activity			
Payment of lease liability			
Amount per audited FS	(12,845,390)	(6,223,515)	75,085,611
Corrections/Adjustments	<u>(19,483,532)</u>	<u>(23,207,814)</u>	<u>(106,304,776)</u>
Adjusted amount	₱ <u>(32,328,922)</u>	₱ <u>(29,431,329)</u>	₱ <u>(31,219,165)</u>

**REPORT OF INDEPENDENT PUBLIC AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE
BASIC FINANCIAL STATEMENTS**

The Stockholders and the Board of Directors

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES** as of December 31, 2023 on which we have rendered the attached report dated April 25, 2024. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The applicable supplementary schedules of the Group as of December 31, 2023 and for the year ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No.0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 25, 2024

METRO ALLIANCE HOLDINGS AND EQUITIES CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

I Supplemental schedules required by Revised SRC Rule Annex 68-J

A	Financial Assets	Attached
B	Amounts receivables from directors, officers, employees, related parties and principal stockholders (other than related parties)	Attached
C	Amounts receivables and payable from/to related parties which are eliminated during consolidation process of financial statements	Attached
D	Intangible assets - other asset	Attached
E	Long-term debt	Not applicable
F	Indebtedness to related parties (Long-term loans from related parties)	Attached
G	Guarantees of securities of other issuers	Not applicable
H	Capital Stock	Attached
II	Map of the relationships of the Parent Company within the Parent Company	Attached
III	Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as required by Revised SRC Rule Annex 68-D	Attached
IV	Schedule of Financial Soundness Indicators as required by Revised SRC Rule Annex 68-E	Attached

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

I. SUPPLEMENTAL SCHEDULES REQUIRED BY REVISED SRC RULE ANNEX 68-J AS AT DECEMBER 31, 2023

SCHEDULE A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and rates	Amount shown in the financial position	Value based on market quotation at end of reporting period	Income received and accrued
<i>Financial assets at amortized cost</i>				
Cash	-	₱ 49,983,378	₱ 49,983,378	₱ 111,506
Trade and other receivables, net	-	165,349,252	165,349,252	-
Refundable deposits	-	11,538,612	11,538,612	-
Subtotal		226,871,242	226,871,242	111,506
<i>Financial assets at FVOCI</i>				
Waterfront Philippines, Inc	-	5,388,750	5,388,750	-
Taguig Lake City Development	-	12,500,000	12,500,000	-
Others		87,285	87,285	-
Subtotal	-	17,976,035	17,976,035	-
Total		₱ 244,847,277	₱ 244,847,277	₱ 111,506

SCHEDULE B. Amounts of Receivable from Directors, Officers, Employees Related Parties and Principal Stockholders (Other Than Related Parties)

Name and designation of debtor	Balance at beginning of period	Amounts (collected) /transferred	Provision for expected credit losses (ECL)	Amounts written-off	Current	Non-current	Balance at end of period
Polymax Worldwide Limited (special purpose entity)	₱ 347,720,003	814,773	(814,773)	-	-	347,720,003	347,720,003
The Wellex Parent Company, Inc	5,258,409	-			5,258,409		5,258,409
Metro Combined Logistics, Inc.	18,924	-			18,924		18,924
Others	31,373	-	-	-	31,373	-	31,373
Total	₱ 353,028,709				5,308,706	374,720,003	353,028,709

SCHEDULE C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected/ consolidated	Amounts written-off	Current	Non-current	Balance at end of period
Due to related party Metro Combined Logistics Solutions, Inc	₱ 500,000				500,000		500,000

SCHEDULE D. Intangible Assets – Other Assets

Description	Balance at beginning of period	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Balance at end of period
SAP Business One	416,262	37,000	(277,970)			175,292

SCHEDULE E. Long-term Debt

Title of issue	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt	Amount shown under caption “Long term debt” in related financial position
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Not Applicable

SCHEDULE F. Indebtedness to Related Parties (Long Term Loans from Related Parties)

Name of related party	Balance at beginning of period	Balance at end of period
Philippine Estate Corporation	₱ 280,673,968	₱ 286,565,176

The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of P263,000,345 including a 2% legal interest for the year 2020 and a 2% interest per annum until the maturity date of March 15, 2026.

The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2023 and 2022, interest incurred amounted to ₱5,260,007.

SCHEDULE G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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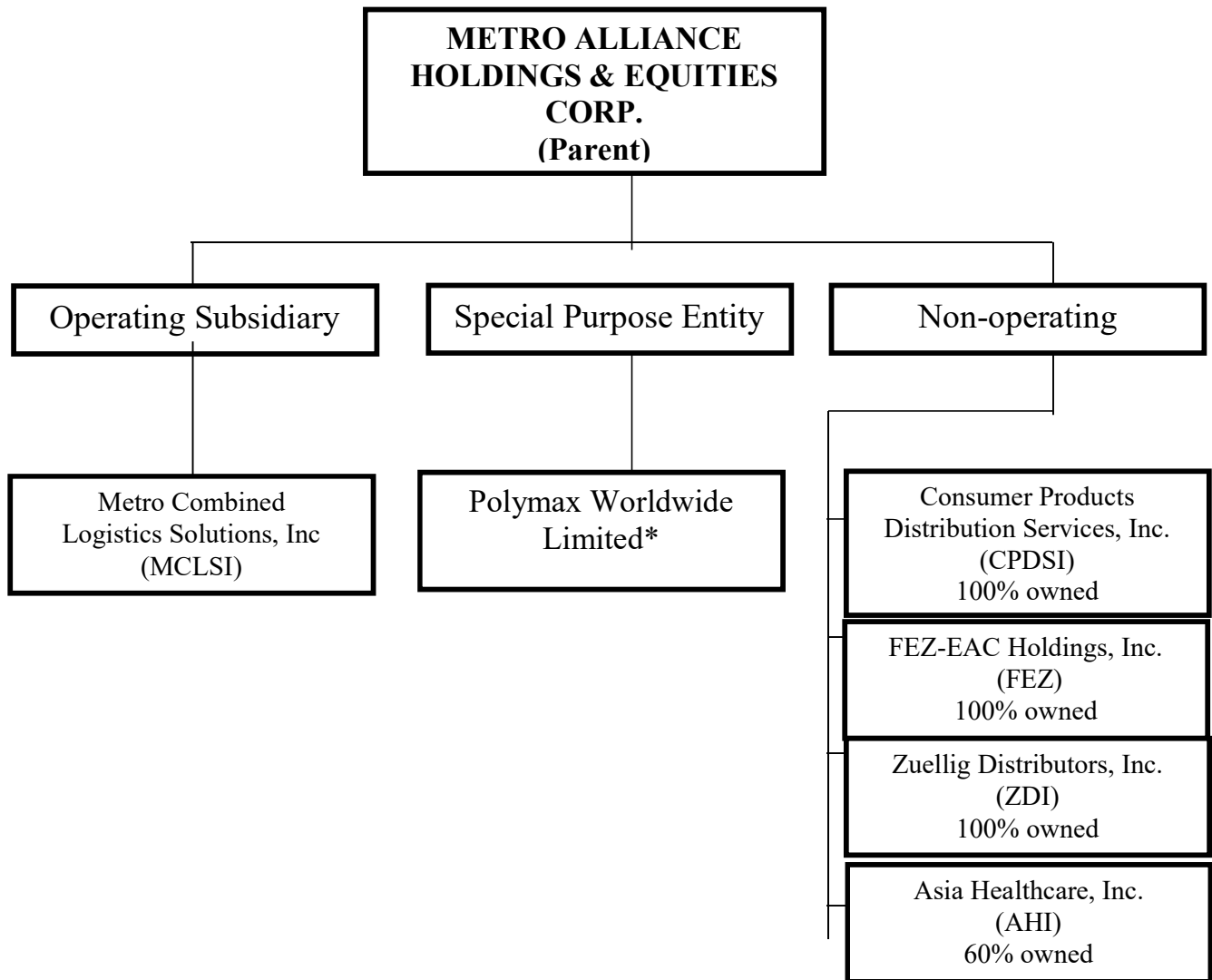
Not Applicable

SCHEDULE H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common - Class A	720,000,000	183,673,470	-	156,590,387	125,115	26,957,968
Common - Class B	480,000,000	122,448,979	-	85,139,552	22,001,000	15,308,427
Total	1,200,000,000	306,122,449	-	241,729,939	22,126,115	42,266,395

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

II. MAP OF THE RELATIONSHIP OF THE PARENT COMPANY WITHIN THE PARENT COMPANY FOR THE YEAR ENDED DECEMBER 31, 2021



*Polymax Worldwide Limited was excluded from the consolidated financial statements since 2007 because the entity is no longer operating as a going concern and is in the process of liquidation.

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

III. SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS REQUIRED BY SRC RULE ANNEX 68-D FOR THE YEAR ENDED DECEMBER 31, 2023

Items	2023	2022
Unappropriated Retained Earnings, beginning	P (376,142,514) P	(379,751,292)
Adjustments:		
Prior period adjustment	-	285,528
Unappropriated Retained Earnings, as adjusted, beginning	(376,142,514)	(379,465,764)
Net Income (Loss) based on the face of AFS	(3,942,350)	11,962,910
Less: Non-actual/unrealized income net of tax		
• Equity in net income/(loss) of associate/joint venture		-
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		-
• Unrealized actuarial gain		-
• Fair value adjustment (M2M gains)		-
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain		-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		-
• Non-controlling interest in net income	838,040	(8,643,652)
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)		-
• Adjustment due to deviation from PFRS/GAAP – loss		-
• Loss on fair value adjustment of investment property (after tax)		-
• Other unrealized loss or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	1,201,219	3,992
FMV gain/(loss) transferred to equity as a result of disposal of equity investment at FVOCI		-
Gain/(loss) from disposal of financial assets at FVOCI		-
Net Income Actual/Realized		-
Unappropriated Retained Earnings, as adjusted, ending	P (380,922,904) P	(376,142,514)

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre
Street, Legaspi Village,
Makati City, Philippines

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Cebu and Davao

Phone: (632) 8892-5931 to 35

(632) 8519-2105

Fax: (632) 8819-1468

Website: www.vacocpa.com.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0314-SEC



member
an association of
legally independent
accounting firms

partnering for success

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.

Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards Auditing, the consolidated financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES** as of December 31, 2023 and 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards (PFRS) 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 consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as of December 31, 2023 and 2022 and no material exceptions were noted.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:

A handwritten signature in black ink, appearing to read 'ALFONSO L. CAY-AN', with a stylized flourish at the end.

ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 25, 2024

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

IV. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC
RULE ANNEX 68-E FOR THE YEAR ENDED DECEMBER 31, 2023

Ratio	Formula	As of December 31,	
		2023	2022
Current Ratio	Total current assets	₱ 241,408,713	₱ 252,367,903
	Divided by: Total current liabilities	283,676,327	306,087,518
	Current ratio	<u>0.85:1</u>	<u>0.82:1</u>
Acid test ratio	Total current assets	₱ 241,408,713	₱ 252,367,903
	Less: Other current assets	26,076,083	20,449,318
	Quick assets	₱ 215,332,630	₱ 231,918,585
	Divide by: Total current liabilities	283,676,327	306,087,518
	Acid test ratio	<u>0.76:1</u>	<u>0.76:1</u>
Solvency Ratio	Net income	₱ (3,942,350)	₱ 11,966,902
	Add: Depreciation	39,309,493	42,430,435
	Total	₱ 35,367,143	₱ 54,397,337
	Divide by: Total liabilities	709,038,443	747,604,534
	Solvency ratio	<u>0.05</u>	<u>0.07</u>
Net Debt-to-Equity Ratio	Total liabilities	₱ 709,038,443	₱ 747,604,534
	Less: Cash and cash equivalents	49,983,378	53,452,684
		659,055,065	694,151,850
	Divided by: Total Equity	(3,883,315)	1,260,255
	Debt-to-equity ratio	<u>(169.71:1)</u>	<u>550.80:1</u>
Debt-to-Equity Ratio	Total liabilities	₱ 709,038,443	₱ 747,604,534
	Divided by: Total Equity	(3,883,315)	1,260,255
	Debt-to-equity ratio	<u>(182.59:1)</u>	<u>593.22:1</u>
Asset-to-equity ratio	Total assets	₱ 705,155,128	₱ 748,864,789
	Divided by: Total equity	(3,883,315)	1,260,255
	Asset-to-equity ratio	<u>(181.59:1)</u>	<u>594.22:1</u>
Interest rate coverage ratio	Income before income tax	₱ (2,436,949)	₱ 18,020,230
	Add: Interest expense	-	-
	Total	₱ 2,436,949	₱ 18,020,230
	Divided by: Interest expense	-	-
	Interest rate coverage ratio	<u>-</u>	<u>-</u>
Return on average equity	Net income	₱ (3,942,350)	₱ 11,966,902
	Divided by: Average equity	(1,311,530)	(4,863,964)
	Return on equity	<u>3.01:1</u>	<u>-2.46:1</u>
Return on average assets	Net income	₱ (3,942,350)	₱ 11,966,902
	Divided by: Average assets	243,165,617	745,911,380
	Return on assets	<u>0.02:1</u>	<u>0.02:1</u>
Net profit margin	Net income	₱ (3,942,350)	₱ 11,966,902
	Net sales	243,165,617	334,133,810
	Net profit margin	<u>(0.02:1)</u>	<u>0.04:1</u>



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: ARIEL FETALVO

Receipt Date and Time: April 08, 2024 11:10:09 AM

Company Information

SEC Registration No.: PW00000296

Company Name: METRO ALLIANCE HOLDINGS & EQUITIES CORP.

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST10408202482181857

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2023

Submission Type: Parent

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

[illegible]

COMPANY NAME

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

Form Type

A	F	S	2	3
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's email Address

metro.alliance@yahoo.com

Company's Telephone Number

8706-7888

Mobile Number

(+63)9559110416

No. of Stockholders

816

Annual Meeting (Month/Day)

Any Day in May

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Atty. Nestor S. Romulo

Email Address

nestor romulo@yahoo.com

Telephone Number/s

8706-7888

Mobile Number

(+63)9193540686

CONTACT PERSON'S ADDRESS

35th Flr. One Corporate Centre, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig City

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

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's record with 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.

Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph

To: metro.alliance@yahoo.com

Cc: metro.alliance@yahoo.com

Date: Friday, April 5, 2024 at 02:43 PM GMT+8

Hi METRO ALLIANCE HOLDINGS & EQUITIES CORP,

Valid files

- EAFS000130411ITRTY122023.pdf
- EAFS000130411AFSTY122023.pdf
- EAFS000130411RPTTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-NQVRXWMX0PVZQVTQ1M42V2PQ408AFBDAH5**

Submission Date/Time: **Apr 05, 2024 02:43 PM**

Company TIN: **000-130-411**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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AFS-0-NQVRXWMX0PVZQVTQ1M42V2PQ408AFBDAH5

Submission Date/Time:

Apr 05, 2024 02:43 PM

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Metro Alliance Holdings & Equities Corp.

Financial Statements

December 31, 2023 and 2022

And

Independent Auditor's Report



METRO ALLIANCE

HOLDINGS & EQUITIES CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

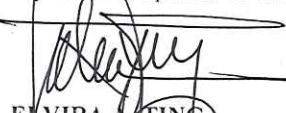
The management of **METRO ALLIANCE HOLDINGS & EQUITIES CORP.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework 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 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 financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Valdes, Abad and Company, CPAs, the independent auditors, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ELVIRA A. TING
Chairman of the Board


KENNETH T. GATCHALIAN
President


RICHARD L. RICARDO
Corporate Treasurer

SUBSCRIBED AND SWORN to before me in **PASIG CITY** City/Province, Philippines on **APR 05 2024**, affiants personally appeared before me and exhibited to me their Tax Identification Number below:

Name	Tax Identification Number
1. ELVIRA A. TING	117-922-153
2. KENNETH T. GATCHALIAN	167-406-526
3. RICHARD L. RICARDO	140-853-860

WITNESS MY HAND AND SEAL on the date and at the place above written.

DOC NO: 38
PAGE NO: 8
BOOK NO: 4
SERIES OF: 24

FERDINAND D. AYAHAO
Notary Public

For and in Pasig City and the Municipality of Pateros
Appointment No. 96 (2024-2025) valid until 12/31/2025
MCLE Exemption No. VIII-BEP003234, until 04/14/28
Roll No. 46377; IBPLRN: 02459; OR 535886; 06/21/2001
TOWER PSB, BACHANG ROAD
Pasig City Tel. +632-80314090

35th Flr. One Corporate Center Doña Julia Vargas Avenue corner
Meralco Ave., Ortigas Center, Pasig City, Phils 1605
Trunkline (02) 8706-7888 * Fax No. (02) 8706-5982

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre
Street, Legaspi Village,
Makati City, Philippines

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Cebu and Davao

Phone: (632) 8892-5931 to 35
(632) 8519-2105

Fax: (632) 8819-1468

Website: www.vacocpa.com.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0314-SEC



INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION

35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.

Ortigas Center, Pasig City

We have examined the Parent financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION** for the year ended December 31, 2023, on which we have rendered the attached report dated April 4, 2024.

In compliance with SRC Rule 68, we are stating that the Parent Company has seven hundred fifty-five (782) stockholders owning one hundred (100) or more shares each as of December 31, 2023.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No.0314-SEC

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 5, 2027

For the firm:

ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 – SEC, Group A

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 5, 2027

Makati City, Philippines

April 4, 2024

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION
35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.
Ortigas Center, Pasig City

Opinion

We have audited the Parent financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION** which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of income, statements of changes in equity, and statements of cash flows for the years then ended, and notes to the financial statements, including as summary of significant accounting policies.

In our opinion, the accompanying Parent financial statements present fairly, in all material respects, the financial position of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION** as of December 31, 2023 and 2022 and of its financial performances and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements

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

- (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- (ii) 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 Parent Company's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) 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 Parent Company's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern
- (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our 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 be reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No.0314-SEC

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 5, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

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PTR No. 10081734, Issued Date: January 8, 2024, Makati City

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Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 – SEC, Group A

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 5, 2027

Makati City, Philippines
April 4, 2024

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(In Philippine Peso)

ASSETS	Note	December 31,	
		2023	2022
CURRENT ASSETS			
Cash	9	206,468	158,881
Trade and other receivables, net	10	3,230	-
Prepayments and other current assets	10	138,214	135,789
Total current assets		347,912	294,670
NON-CURRENT ASSETS			
Advances to related party, net	11	347,720,003	347,720,003
Equity instrument at fair value through other comprehensive income	12	17,888,750	19,110,200
Investment in subsidiaries	13	18,640,500	18,640,500
Property and equipment, net	14	58,165	232,660
Deferred tax asset	15	57,367,190	57,108,239
Total non-current assets		441,674,608	442,811,602
TOTAL ASSETS		442,022,520	443,106,272
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accrued expenses and other liabilities	16	783,718	927,038
NON CURRENT LIABILITIES			
Non-current portion of accrued liability	16	123,438,803	123,438,803
Advances from related parties	17	287,065,177	281,173,968
Total liabilities		411,287,698	405,539,809
EQUITY			
Share capital	20	306,122,449	306,122,449
Additional paid-in capital	20	3,571,923	3,571,923
Fair value reserve	12	1,707,028	2,928,477
Cumulative deficit	21	(280,666,578)	(275,056,386)
Total equity		30,734,822	37,566,463
TOTAL LIABILITIES AND EQUITY		442,022,520	443,106,272

See Notes to Parent Company Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Philippine Peso)

For the Years Ended December 31,	Note	2023	2022
REVENUES		-	-
GENERAL AND ADMINISTRATIVE EXPENSES	23	<u>5,864,567</u>	<u>6,234,517</u>
OPERATING LOSS		(5,864,567)	(6,234,517)
OTHER EXPENSE, NET	24	<u>(4,575)</u>	<u>(6,297)</u>
NET LOSS BEFORE TAX		(5,869,142)	(6,240,814)
INCOME TAX BENEFIT	18	(258,951)	(600,843)
NET LOSS		<u>(5,610,191)</u>	<u>(5,639,971)</u>

See Notes to Parent Company Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
(In Philippine Peso)

		December 31,	
	Notes	2023	2022
CAPITAL STOCK			
Class "A"	20	183,673,470	183,673,470
Class "B"	20	122,448,979	122,448,979
Balance at end of year		306,122,449	306,122,449
ADDITIONAL PAID-IN-CAPITAL	20	3,571,923	3,571,923
FAIR VALUE RESERVE			
Balance at beginning of year	12	2,928,477	2,928,477
Other comprehensive loss	12	(1,221,450)	-
Balance at end of year		1,707,027	2,928,477
CUMULATIVE DEFICIT			
Balance at beginning of year	21	(275,056,386)	(269,416,415)
Net loss	21	(5,610,191)	(5,639,971)
Balance at end of year		(280,666,577)	(275,056,386)
TOTAL EQUITY		30,734,822	37,566,463

See Notes to Parent Company Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Philippine Peso)

For the Years Ended December 31,	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax		(5,869,142)	(6,240,814)
Adjustments for:			
Depreciation	14, 23	174,495	174,495
Provision for expected credit losses	11	814,773	2,105,032
Provision for impairment	11, 23	224,199	297,485
Interest expense	24	4,651	6,359
Interest income	18	(76)	(62)
Operating loss before working capital changes		(4,651,100)	(3,657,505)
Changes in assets and liabilities:			
Trade and other receivables		(3,230)	-
Prepayments and other current assets		(226,624)	(112,162)
Accrued expenses and other liabilities		(83,693)	370,151
Net cash from operating activities		(4,964,647)	(3,399,516)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional advances to related party	11	-	(69,207)
Collection of advances from related party	17	(814,773)	(2,105,032)
Increase in recognized right-of-use asset	14	-	(348,990)
Interest received	18	76	62
Net cash from investing activities		(814,697)	(2,523,167)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional advances from related parties	17	5,891,209	5,891,207
Interest paid	24	(4,651)	(6,359)
Payment of principal portion of lease liability	25	(59,627)	(234,976)
Net cash from financing activities		5,826,931	5,649,872
NET INCREASE (DECREASE) IN CASH		47,587	(272,811)
CASH, BEGINNING	9	158,881	431,692
CASH, ENDING	9	206,468	158,881

See Notes to Parent Company Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 – REPORTING ENTITY

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION (MAHEC or the Parent Company) was incorporated in the Philippines in 1929. In 1979, the Parent Company obtained approval from the Securities and Exchange Commission (SEC) for the extension of its corporate life to another 50 years under registration number 296. MAHEC is a holding company with business interests in companies engaged in the manufacture of chemicals, petrochemical and contract logistics.

The new registered office address of the Parent Company is 35th Floor One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City.

In 2015, the SEC approved the amendment made to Article III of the Company's Articles of Incorporation in regard to the change of Company's official business address from 22nd Floor Citibank Tower, 8741 Paseo de Roxas, Makati City to 35th Floor One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City.

On June 4, 2018, the Exchange has resolved to grant the Parent Company's request to lift the trading suspension of its shares after a careful consideration of the facts and circumstances of the Parent Company's case and a comprehensive review of the Parent Company's disclosures and representations vis-à-vis the requirements under the Disclosure Rules. The Exchange considered, among others: (i) the Parent Company's compliance with the disclosure requirements of the Exchange, thus addressing the grounds and reasons why the Exchange imposed the trading suspension on May 21, 2007; and (ii) the SEC's decision setting aside the Order of Revocation on the Parent Company's registration and permit to sell securities. The Exchange has likewise noted the Parent Company's representations regarding its business plans, including its capital build-up program.

The accompanying Parent Company financial statements as of December 31, 2023 and 2022 were authorized for issue by the Board of Directors (BOD) on April 4, 2024.

NOTE 2 – STATUS OF OPERATIONS

2.1 Going Concern

The accompanying Parent Company financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

As of December 31, 2023 and 2022, the Parent Company has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands, amounting to ₱347.7 million, relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including accrued interest and penalties, amounting to ₱994.7 million for both years, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition of the petrochemical plant, and applied these against the Parent Company's advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions.

As explained in Note 11, the remaining 20% of Polymax's interest in the petrochemical plant is for sale. The realization of the Parent Company's advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPC Alliance Corporation (NPCA).

2.2 Management Plan to Address Going Concern Uncertainties

Projected Plan for next 12 months

The Parent Company's affiliate, Polymax, still holds 20% interest in NPC Alliance Corporation (NPCAC) as of December 31, 2023. While this investment is still realizable at substantially higher value than the stated in the books, sufficient provision for possible loss have already been recorded. Over the past years, it has been determined that the present global petrochemical market conditions have made it extremely difficult to operate a feasible polyethylene business in the Philippines, especially with the difficulty in sourcing ethylene feedstock. This, coupled with the perceived inability of our Iranian partners to manage the business properly, has resulted in the closure of the Bataan polyethylene plant. In order to protect the Parent Company's interests, the Parent Company filed legal suits against its partners in NPCAC in order to establish full accountability. Among other options presented to the Iranian Partners is to consider the take-over of the plant by MAHEC/Polymax together with its potential Chinese partner. This proposal of MAHEC/Polymax is still under consideration by Persian Gulf Petrochemical Industries Corporation (PGPIC), the majority shareholder in NPCA. Under the oversight of the Regional Trial Court, the Parent Company opted to discuss options with the Iranians via the judicial arbitration processes, and the Parent Company is still hopeful that the parties can arrive at a quick and acceptable solution to the matter at the soonest time. Despite the shutdown of the polyethylene plant, the Company assured its shareholders that adequate maintenance system measures are kept in place by NPCAC management in order to prevent the physical corrosion of machinery and equipment.

MAHEC's remaining operating subsidiary, Metro Combined Logistics Solutions, Inc. (MCLSI), has steadily grown with additional business from its existing principals. The pandemic, however, has forced the company to reevaluate its operational cost in order to remain competitive in the logistic industry. Furthermore, MCLSI management has tightened its audit and control measures in order to streamline operational lapses. As a means of diversification, MCLSI is also exploring business opportunities in the transport field, including computer app solutions, warehousing and cold storage; in medical distribution and pharmaceutical business logistics, operation of hospice care and management of medical clinics, importation of medical equipment; and also, in document storage, car parking, sea travel, river ferry and airport/seaport terminal management.

Actions of the Company

The Parent Company has remained devoted to regain its status as a going concern. In line with this, the Company reiterate several actions that were mentioned in previous year. The Company hope that these measures will conserve the Company's resources and build confidence for its business direction:

- a) Commitment by the majority shareholders of the Parent Company to guaranty the recoverable value of the remaining "assets for sale" in its books in order that the Parent Company's equity be preserved;
- b) Pressing the majority shareholders of NPCA to write down the obligation of NPCAC to its principal shareholders to pave the way for restructured financial statements;
- c) Increasing the number of Board Directors from 7 to 9 in order to pave the way for a broader representation of stakeholders;
- d) Removing the "A" and "B" classification of the company shares to integrate common shares into just one class;
- e) Working out a stock rights offer for take advantage of unissued shares from our authorized capital stock.

After the conduct of stock right offering, the Company will pursue its pending application with the SEC to increase its authorized capital stock to P5 billion, in order to meet its projected investments. In sum, the Company is expected to satisfy its cash requirements to finance its projected plans and investments in new and existing ventures throughout the calendar year 2024.

Realization of Outstanding Receivables from Polymax Worldwide in the Amount of ₱ 347,720,000 as of December 31, 2023

If ever the negotiations with the Iranians will stall, there are other alternatives to address the issue. In order that this outstanding receivable will be fully recovered, a payment via dacion of the remaining 20% NPCA shares held by Polymax in NPC Alliance may be assigned to Metro Alliance, thus, making the company the direct shareholders of NPCA. As of December 31, 2023, while such assignment is on hold due to legal disputes by the parties, Polymax continuously providing full financial support to Metro Alliance for its working capital requirements by offsetting from its existing advances from Metro Alliance.

Manpower Requirements

The Parent Company does not expect significant changes in the number of employees as it is still in the stage of exploring new business opportunities. Manpower will be outsourced if needed.

Capital Asset Acquisition

The Parent Company will make purchases of equipment and machines in the future if needed especially when investment in mining industry will materialize.

Despite the global effects of the Ukraine War and the Palestinian Conflict, the company is cautiously positive, hoping that a sustained economic growth is forthcoming.

2.3 Acquisition Transactions

On December 4, 2003, the Parent Company entered into a Memorandum of Agreement (MOA) with Polymax, whereby the Parent Company confirmed the designation of Polymax as the acquiring company in the proposed acquisition of the senior secured debt papers of BPC from International Finance Corporation (IFC). Under the MOA, the Parent Company and Polymax agreed that (a) the acquisition of the secured debt paper would be for the account and benefit of the Parent Company; (b) the funding for the acquisition would be provided and arranged by the Parent Company; and (c) the exercise of creditor rights arising from the secured debts via foreclosure and takeover of the assets of BPC would be directed by and for the account and benefit of the Parent Company. In addition, the Parent Company would make certain advances to Polymax.

On December 19, 2003, Polymax and IFC entered into an Assignment and Transfer Agreement (the Agreement) for the purchase by the former of the senior secured debt papers of BPC. The Parent Company advanced to Polymax the initial deposit of US\$5 million, which was remitted to IFC for the assignment payment, pursuant to the terms of the Agreement. On February 11, 2004, IFC confirmed that it has received the full payment for the assignment of the senior secured debt papers of BPC.

To partially finance the Parent Company's advances relating to the Petrochemical Project, the Parent Company obtained short-term loans from local banks. With the delay in the completion of the activities and the conditions required for the Petrochemical Project, the Parent Company was unable to pay the bank loans on maturity dates. As of December 31, 2006, the amounts payable to the banks totaled ₱866.7 million, consisting of the outstanding principal balance of ₱378.3 million and finance charges of ₱488.4 million. In 2007, these past due liabilities were unilaterally transferred to and applied against the advances made to Polymax as discussed in Note 11.

Pursuant to the Parent Company's plan of acquiring full control of BPC, instead of exercising creditor rights, the Parent Company, on April 16, 2004, entered into a Share Purchase Agreement (SPA) with BPC, Tybalt Investment Limited (TIL), BP Holdings International B.V. (BPHI) and Petronas Philippines, Inc. (PPI) with TIL as the purchaser of the 83% interest of the foreign shareholders of BPC. As agreed by the parties, the SPA is to take effect as of March 31, 2004, subject to closing conditions, as defined in the SPA, which the parties have to comply with within a period of 60 days or later if the conditions are not met.

On July 7, 2005, Polymax and BPC executed a Deed of Conveyance, transferring to Polymax under an asset for share swap, the petrochemical plant of BPC in exchange for 85 million common shares of Polymax with par value of US\$1 per share, or a total par value of US\$85 million.

On July 20, 2005, the Parent Company, Polymax and NPC International Limited (NPCI) entered into a SPA which provided that, subject to certain conditions, including the transfer of the petrochemical plant of BPC free from encumbrances, NPCI will acquire 60% of the issued share capital of NPCA from Polymax.

On August 9, 2005, Polymax and NPCA executed a Deed of Conveyance, transferring to NPCA, under an asset for share swap, the same petrochemical plant in exchange for 4.8 million shares of common stock of NPCA with a total par value of ₱4.8 billion, resulting in 100% ownership interest of Polymax in NPCA.

On November 15, 2005, BPC and Polymax executed a Deed of Assignment whereby BPC transferred and conveyed to Polymax all its rights and interest to Polymax's 85 million shares of common stock, with a total value of US\$85 million, in exchange for the discharge of a portion of BPC's secured debt, which was acquired by Polymax from IFC, up to the extent of the value of the shares transferred. Polymax retired the said shares 10 days from the date the Deed of Assignment.

On December 16, 2005, Polymax, NPCI, Petrochemical Industries Investment Company (PIIC) and the Parent Company entered into an amended SPA whereby NPCI and PIIC will purchase 40% and 20% of NPCA's shares of common stock, respectively, from Polymax. In addition to the conditions set forth in the original SPA, the amended SPA also involves advances to be provided by NPCI amounting to US\$15 million representing an advance payment which may be used to fund the bona fide third-party costs of NPCA or BPC for the recommissioning, operation and maintenance of the petrochemical plant or such other third-party cost or expenses, taxes or duties as agreed between Polymax and NPCI.

On the same date, the Parent Company, NPCI and PIIC entered into a Guaranteed and Indemnity agreement whereby the Parent Company irrevocably and unconditionally guaranteed the prompt performance and observance by Polymax and the payment on demand by Polymax of all moneys, obligations and liabilities which are now or at any time after the execution of the agreement become due from or owing or incurred by Polymax under or in connection with any of the SPA and the Shareholders' Agreement. The Parent Company also guaranteed that it shall be liable for Polymax's obligations, as if it were a principal debtor, if Polymax's obligations are no longer recoverable from Polymax.

On March 18, 2006, Polymax, NPCI, PIIC and the Parent Company entered into an Agreement of Variation (March 2006 Variation Agreement) to vary and amend the terms of the Amended and Restated Share Purchase Agreement (ARSPA) and the Shareholders' Agreement entered on December 16, 2005. Under the March 2006 Variation Agreement, completion of the conditions and conditions subsequent set forth in the ARSPA was extended to April 30, 2006. Moreover, additional conditions that Polymax needs to satisfy prior to completion were agreed upon.

On the same date, Polymax and NPCI executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to NPCI all the rights, title and interest in 19,090,000 NPCA shares of common stock, equivalent to 40% ownership interest, for a consideration of ₱1.91 billion.

On September 11, 2006, Polymax, NPCI, PIIC, the Parent Company and NPCA entered into another Agreement of Variation (September 2006 Variation Agreement) to further vary and amend the terms of the ARSPA and the Shareholders' Agreement (both initially amended and varied by the March 2006 Variation Agreement). Polymax, in accordance with its obligations under the ARSPA, had notified NPCI and PIIC that it is aware that certain conditions will not be fulfilled by April 30, 2006. As a result, the parties agreed to transfer to PIIC the 9,545,000 NPCA shares of common stock prior to completion, while certain conditions will become conditions subsequent to be completed on December 31, 2006.

On September 20, 2006, Polymax and PIIC executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to PIIC all the rights, title and interest in 9,545,000 NPCA shares of common stock, equivalent to 20% ownership interest, for a consideration of ₱954.5 million.

On December 31, 2006, the ARSPA Variation Agreement expired with the conditions subsequent remaining unsettled. Nevertheless, NPCI and PCII took control of the petrochemical plant resulting in a dispute with the Parent Company and Polymax, which considered the sale of Polymax's 40% and 20% interest in the petrochemical plant to NPCI and PCII as null and void.

On August 21, 2007, the petrochemical plant started commercial operations under NPCI and PIIC.

Subsequently on August 27, 2013, the Parent Company and Polymax entered into a Settlement Agreement with NPCI, PIIC and NAC to resolve fully and finally the dispute arising from the uncompleted acquisition transactions described above. Under the agreement, NPCI shall, among others, pay Polymax the remaining balance of the purchase price of the 60% NPCA shares, net of deductions agreed by the parties. Simultaneous with the execution of the agreement, Polymax shall also sell to NPCI an additional 20% of Polymax's interest in NPCA from the remaining 40% equity holding in NPCA for US\$8 million or its equivalent in Philippine peso. In September 2013 and August 2014, the remaining balance due to Polymax was paid by NPCI, and the 20% interest of Polymax in NPCA was sold to NPCI, respectively, in accordance with the agreement.

As a result of the foregoing settlement, the arbitration tribunal issued on October 2, 2014 an order for withdrawal of the arbitration cases (under the United Nations Commission on International Trade Law Rules of Arbitration), which were earlier filed by the parties due to the dispute rising from their various agreements.

NOTE 3 – BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.1 Statement of compliance

The Parent Company financial statements are prepared as the separate financial statements of the Parent Company in compliance with Philippine Financial Reporting Standards (PFRS) approved by the Financial Reporting Standards Council and the SEC.

The accompanying financial statements are the Parent Company's financial statements prepared in compliance with Philippine Accounting Standard (PAS) 27, *Consolidated and Separate Financial Statements*.

The Parent Company also prepares, and issues consolidated financial statements for the same periods, which include the Parent Company financial statements and subsidiaries. As a publicly listed company, the Parent Company is required by the SEC to prepare both separate and consolidated financial statements under full PFRS, which are available for public use.

The Parent Company financial statements have been prepared on the accrual basis using historical cost basis, except for equity instruments at FVOCI that are measured at fair value. The Parent Company financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest million, except when otherwise indicated.

3.2 Basis of preparation

The financial statements have been prepared using the measurement bases specified by Philippine Financial Reporting Standards (PFRS) for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow. The policies have been consistently applied to the years presented, unless otherwise stated.

3.3 Functional and presentation currency

The financial statements are prepared in Philippine Peso (₱), which is the Parent Company's functional and presentation currency. All values are rounded off to the nearest Peso, unless otherwise indicated.

3.4 Use of judgments and estimates

The preparation of the Parent Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Judgments are made by the management in the development, selection and disclosure of the Parent Company's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 5.

3.5 Adoption of new and revised accounting standards

New and Amended Accounting Standards Effective in 2023

Amendments to IAS 1, Presentation of Financial Statements – Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements - These amendments help entities provide useful accounting policy disclosures by: requiring entities to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or

conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies relating to material transactions, other events or conditions are themselves material.

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors) clarifies how entities distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and guidance on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy.

Amendments to IAS 12, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, Income Taxes), clarifies how entities account for deferred taxes on certain transactions, such as leases and decommissioning obligations, with a focus on reducing diversity in practice. The amendments narrow the scope of the initial recognition exemption so entities will need to recognize a deferred tax asset and a deferred tax liability arising from transactions that give rise to equal and offsetting temporary differences.

IFRS 17 – Insurance Contract – IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance, and cash flows.

The Company's financial statements has no impact on the said amendment.

Effective beginning on or after January 1, 2024

Amendment to IFRS 16 – Leases on sale and leaseback – These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to IAS 1 – Non-current liabilities with covenants – These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7 – Supplier finance – These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments are not expected to have a significant impact on the preparation of financial statements.

Effective beginning on or after January 1, 2025

Amendments to IAS 21 – Lack of Exchangeability – An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments are not expected to have a significant impact on the preparation of financial statements.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these Parent Company financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

4.1 Financial assets and financial liabilities

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

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

“Day 1” Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification. The Parent Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Parent Company’s business model and its contractual cash flow characteristics.

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As of December 31, 2023 and 2022, the Parent Company’s cash, and advances to a related party are included under this category.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; 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 equity instruments, the Parent Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of December 31, 2023 and 2022, the Parent Company's equity investments at FVOCI are included under this category.

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

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

As of December 31, 2023 and 2022, the Parent Company's accrued expenses and other liabilities and due to related parties are included under this category.

4.2 Reclassification

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

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

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

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

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

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

4.3 Impairment of financial assets at amortized cost and FVOCI

The Parent Company records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For loan receivables, the Parent Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Parent Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

4.4 Derecognition of financial assets and liabilities

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

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

When the Parent Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Parent Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Parent Company could be required to repay.

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Parent Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statement of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

4.5 Offsetting financial instrument

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is 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 statement of financial position.

4.6 Cash

Cash includes cash on hand and in banks which are measured at face value.

4.7 Receivables

Receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (*refer to the accounting policies for Revenue from contract with customers*). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

4.8 Prepayments and other current assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or have expired in the passage of time.

Other assets are recognized when the Parent Company expects to receive future economic benefit from them, and the amount can be measured reliably. Other assets are classified in the statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Parent Company's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets.

4.9 Investment in subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Parent Company. The Parent Company has control over an entity if it has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investment in subsidiary in the Parent Company financial statements is carried at cost, less any impairment in the value of the individual investment.

4.10 Impairment of non-financial assets

The carrying values of investment in subsidiary and computer equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses of continuing operations are recognized in the Parent Company's statement of comprehensive income in those expense categories consistent with the function of the impaired 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 profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.11 Property and equipment

Property and equipment are carried at acquisition costs less accumulated depreciation and amortization and any impairment in value.

The costs of an asset comprise its purchase price and directly attribute costs of bringing the asset to working condition for its intended use. Expenditures for addition, major improvements and renewal are capitalized; expenditures for repairs and maintenance are charged to expenses as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and amortization and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on the straight-line basis over the estimated useful lives of the depreciable assets.

The useful life of the Parent Company's computer equipment is 3 years.

Further, amortization of leased assets is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives being the lesser of the remaining lease term and the life of the asset.

On the date of recognition, the Parent Company amortized its right-of-use asset using the lease term of 24 months, being the lesser when compare to the useful life of the office space.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property and equipment are reviewed and adjusted if appropriate, at the end of each reporting period.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

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

4.12 Accrued expenses

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amount of accruals; however, the uncertainty is generally much less than for provision.

4.13 Other current liabilities

Other current payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and other third-party entities. Other current payables are classified as current liabilities

if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

4.14 Due to (from) related parties

Due to related parties represent non-interest bearing and interest-bearing cash advances provided by/to the company which are recorded and measured at the amount cash paid or received.

4.15 Equity

Share capital

Share capital is determined using the nominal value of shares that have been issued.

Additional paid-in capital

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net

Retained earnings (Deficit)

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has debit balance, it is called "deficit", and presented as a deduction from equity of tax, from the proceeds.

4.16 Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods or services. The Company applies this standard with its revenue arrangements on the holding business interests in companies engaged in the manufacture of chemicals, petrochemical and contract logistics.

To determine whether to recognize revenue, the Company follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following gating criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract; and,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,

- the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 5.

Other income

Other income is recognized in the statements of comprehensive income as they are earned.

Interest income

Interest income is recognized using effective interest accrues using effective interest method.

Contract balances

Receivable from Customers

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

Contract assets

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

Cost to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

4.17 Cost and expenses

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

Costs and expenses are recognized in profit or loss in the separate statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Operating expenses

Administrative expenses normally include costs of administering the business as incurred by administrative departments. Other operating expenses are costs incurred other than for general or administrative purposes.

Expenses in the statement of income are presented using the function of expense method.

4.18 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Parent Company assesses whether the contract meets three key evaluations which are whether:

- a) the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Parent Company,
- b) the Parent Company has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c) the Parent Company has the *right to direct the use* of the identified asset throughout the period of use.

The Parent Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a lessee

The Parent Company recognizes right-of-use assets and lease liabilities for its leases.

(a) Right-of-use asset

At the initial application date, the Parent Company recognizes a right-of-use asset on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Parent Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Parent Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Parent Company also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the initial application date, the Parent Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Parent Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

4.19 Retirement benefits cost

Employee benefits are all forms of considerations given by the Company in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

Retirement benefits

The Company does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company. The Company's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

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

Defined benefit costs comprise the following:

- a. service cost
- b. net interest on the net defined benefit liability or asset
- c. remeasurement of net defined benefit liability or asset

Service cost which includes current service costs, past service costs and gains or losses on non-routine settlement are recognized as expense in the statement of comprehensive income. 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 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 statement of comprehensive income.

Remeasurement comprising actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period

in which they arise. Remeasurements are not reclassified to the statement of comprehensive income in subsequent periods.

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

4.20 Foreign currency transactions and translations

Transactions denominated in foreign currency are recorded in Philippine peso using the prevailing exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated to Philippine peso using the prevailing exchange rate at balance sheet date. Foreign exchange gains or losses arising from the translation at balance sheet date or settlement of monetary items at rates different from those at which they were initially recorded are credited to or charged against current operations.

4.21 Income taxes

Current income taxes

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

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

Deferred income taxes

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

4.22 Value Added Taxes (VAT)

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

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

For acquisition of capital goods over ₱1,000,000, the VAT is deferred and amortized over the useful life of the related capital goods or 60 months, whichever is shorter, commencing on the date of the acquisition.

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than ₱3,199,200, a tax exemption applies.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Company. Input tax pertains to the 12% VAT paid or payable by the Company in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the statements of financial position.

4.23 Related party transactions and relationship

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Parent Company and close members of the family of any individuals owning directly or indirectly a significant voting power of the Parent Company that gives them significant influence in the financial and operating policy decisions of the Parent Company are also considered to be related parties.

An entity is related to the Parent Company if any of the following conditions apply:

- The entity and the Parent Company are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the Parent Company (or an associate or joint venture of a member of the Parent Company of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of the Parent Company. If the entity is itself such a plan, the sponsoring employers are also related to the Parent Company

- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Parent Company and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Parent Company when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Parent Company. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

4.24 Provisions

Provisions are recognized only when the Parent Company has (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. 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 assessment 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 interest expense. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a Parent Company asset but only when the receipt of the reimbursement is virtually certain.

4.25 Contingencies

Contingent liabilities are not recognized in the Parent Company financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the Parent Company financial statements but are disclosed when an inflow of economic benefits is probable.

4.26 Events after the reporting date

Post year-end events that provide additional information about the Parent Company's position at balance sheet date (adjusting events) are reflected in the Parent Company's financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the Parent Company financial statements when material.

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with PFRS requires the Company's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

5.1 Judgments

(a) Determination of functional currency

The financial statements are presented in the Philippine Peso, which is also the Parent Company's functional currency. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Fair value measurements

A number of the Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

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

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

(c) Classification of financial instruments

The Parent Company manages its financial assets based on business models that maintain adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

(d) Assessing significant influence and control over investee.

The Company determines that it has control over its subsidiaries by considering, among others, its power over 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. The following are also considered:

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

(e) Revenue recognition from contracts with customers

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the (a) identification of the contract for sale of services that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; and (c) determining the timing of satisfaction of the performance obligation.

(f) Identification of the contract

The Parent Company's primary document for a contract with a customer is a signed contract. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed

documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for its services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(g) Determining performance obligation

With respect to its business, the Parent Company concluded that the transfer of services in each contract constitute a performance obligation. In particular, the promised services in contracts for holding interests in companies engaged in the manufacture of chemicals, petrochemical and contract logistics mainly include holding stock or membership interests in other companies. Generally, the Company is responsible for all of these services and the overall management of the project. Although these services are capable of being distinct in the context contract.

The Company uses those services as inputs and provides a significant service of integrating them into a combined output.

(h) Determining the timing of satisfaction of the performance obligation

The Parent Company concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for a recognition over a period of time:

- (a) The customer receives and consumes the benefits of the goods or services as they are provided by the Company;
- (b) the Company's performance does not create an asset with an alternative use and;
- (c) the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised services are specifically identified in the contract. In addition, the customer is contractually obliged to make payments to the seller upon performance of services.

(i) Determination whether an arrangement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(j) Accounting for lease commitments

Company as lessee

The Parent Company entered into a lease agreement with The Wellex Group, Inc. for a business space on the 35th floor of One Corporate Centre, Dona Julia Vargas cor. Meralco Ave., Ortigas Center Pasig City. The term of the lease is from May 1, 2020 until April 30, 2022 and was renewed for another period of two (2) years from May 1, 2022 to April 30, 2024. The Leased Period shall be renewable for another period of two (2) years with adjustments in the rental rates as agreed by the parties. Monthly rental for the leased premises amounts to ₱15,000, exclusive of VAT.

Following the adoption of PFRS 16, the Parent Company recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Leases are further disclosed in Note 25.

(k) Contingencies

The Parent Company currently involved in various legal proceedings, which are normal to its business as discussed in Note 26. The Parent Company's estimate of the probable costs for these proceedings and resolution of these claims have been developed in consultation with outside counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. The Parent Company and its legal counsel believe that these legal proceeding will not have a material adverse effect on the financial statements. It is possible, however, that changes in estimates relating to these proceedings may materially affect results of operations.

(l) Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

5.2 Estimates and assumptions

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

(a) Fair value of financial asset and financial liabilities

The Parent Company carries certain financial assets and financial liabilities at fair value, which requires the use of accounting estimates and judgment. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., quoted market prices, interest rates). In the case of those financial assets and financial liabilities that have no active markets, fair values are determined using an appropriate valuation technique. Any change in fair value of these financial assets and liabilities would affect profit or loss and equity.

The recoverable amount of financial assets at FVOCI with available market prices was determined based on quoted bid prices. Financial assets at FVOCI investments amounted to ₱17,888,750 and ₱19,110,200 as of December 31, 2023 and 2022 (Note 12).

(b) Asset impairment

The Parent Company assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Parent Company has determined that its investment in subsidiary amounting to ₱647,976,305 is impaired resulting to allowance of ₱629,335,805 both in 2023 and 2022 (see Note 13). No additional impairment was recognized in the books in 2023 and 2022.

(c) Assessing ECL on financial assets

The Parent Company applies the general approach in measuring the ECL. For cash in banks, the Parent Company assessed that cash is deposited with reputable banks that possess good credit ratings. For advances to related parties, the Company considers the financial capacity of the counterparty. In 2023 and 2022, provision for estimated credit losses on trade and other receivables and advances to related party was recognized in compliance with the requirements of PFRS 9. The carrying amounts of the Company's financial assets are as follows:

	Note	2023	2022
Cash in banks	9	₱ 181,468	₱ 133,881
Advances to related parties	11	347,720,003	347,720,003

(d) Allowance for credit losses of receivables

The Parent Company reviews the carrying amounts of due from related parties, due to related parties, as well as trades and other receivables and advances to Polymax at each balance sheet date and reduces the balance of these assets to their estimated recoverable amounts.

Advances to Polymax amounting to ₱347.7 million as of December 31, 2023 and 2022, constitutes 79% and 78% of the Parent Company's total assets in 2023 and 2022, respectively. The realization of the Parent Company's advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, are dependent on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPCA and from the letter of comfort issued by the Parent Company's major stockholders in favor of the Parent Company (Note 11).

In 2023 and 2022, provision for estimated credit losses on advances to related party was recognized in compliance with the requirements of PFRS 9. Allowance for estimated credit losses on advances to subsidiary amounted to ₱148 million for years ended December 31, 2023 and 2022. No write-off and recoveries were recognized by the Company as of December 31, 2023 and 2022.

(e) Estimating residual values and useful lives of property and equipment

The Parent Company estimates residual values and useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment 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 assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded expenses and decrease non-current assets.

The carrying amounts of property and equipment amounted to ₱58,165 and ₱232,660 as of December 31, 2023, and 2022, respectively (Note 14). Useful lives of property and equipment is disclosed in Note 4.11.

(f) Estimating impairment losses on property and equipment

The Company assesses impairment on its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

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

In determining the present value of estimated future cash flows expected to be generated from continued use of the assets, the Company is required to make estimates that can materially affect the financial statements.

The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to statements of loss if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no provision for impairment loss on property and equipment recognized in 2023 and 2022.

(g) Estimating allowance for impairment losses on non-financial assets (except property and equipment)

The Parent Company provides allowance for impairment losses on non-financial assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease related assets.

Creditable withholding taxes and input taxes totaling ₱13,012,988 and ₱12,869,734 as of December 31, 2023 and 2022, respectively, were provided with ₱13,012,988 and ₱12,869,734 allowance for probable losses for years 2023 and 2022, respectively (Note 10).

There was no indication of impairment noted on the Parent Company's non-financial assets in 2023 and 2022.

(h) Incremental borrowing rate of lease liability

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The incremental borrowing rate is determined by the Parent Company on the initial application date of the lease. As a result, it incorporates the impact of significant economic events and other changes in circumstances arising between lease inception and commencement.

This incremental rate is used to measure the lease liability at the present value of lease payments that are not paid at the end of lease term. In 2023 and 2022, the Parent Company's determined incremental rate used to compute the carrying value of lease liability amounting to ₱59,627 and ₱234,976, respectively, is 3% (Note 16).

(i) Assessing realizability of deferred tax assets

The Parent Company reviews the carrying amounts of deferred income taxes at each balance sheet date and reduces deferred income tax assets (DTA) to the extent that it is no longer probable (or recognizes DTA to the extent that it is probable) that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

The Parent Company did not recognize deferred income tax assets on deductible temporary difference (accrued retirement benefits cost) and unused NOLCO totaling ₱15.8 million and ₱12.2 million, as of December 31, 2023 and 2022, respectively, because management believes that the Parent Company may not have sufficient future taxable profits available to allow utilization of these deferred income tax assets (Note 18).

(j) Retirement benefits

The determination of the obligation and cost of retirement benefits is dependent on certain assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 30 to the consolidated financial statements and include, among others, discount rates, salary increase rates and expected rates of return on plan assets. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, will generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations.

In 2020, the Board of Directors approved in its Board Resolution No. 12, dated December 23, 2020, the change of gratuity pays of the retired employees, which amounted to ₱297,241, to accrued retirement benefits, and the write-off of the remaining retirement benefit payable of ₱672,444 since the Company has no longer employees (Note 19) until September 2022. Due to manpower requirements to maintain the company's books of accounts, one (1) employee was hired last October 2022. The management did not provide accruals on the retirement benefit as of December 31, 2023 and 2022.

5.3 Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 3.

NOTE 6 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Parent Company's principal financial instruments consist of cash, due from related parties, equity instruments and due to related parties. The main purpose of these financial instruments is to finance the Parent Company's operations. Other financial liabilities consist of accrued expenses and other liabilities, which arise directly from the Parent Company's operations.

The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks which are summarized below.

Credit risk

It is the Parent Company's policy to require all concerned related parties to comply and undergo a credit verification process with emphasis on their capacity, character and willingness to pay. In addition, receivables are closely monitored so that exposure to bad debts is minimized.

a. Maximum exposure to credit risk

The Parent Company's financial assets as reflected in the statements of financial position and related notes already represent their maximum financial assets' exposure to credit risk before and after taking into account collateral or credit enhancement held as of the reporting dates.

b. Credit quality per class of financial assets

Description of the credit quality grades used by the Company follows:

Financial assets – Fair value through other comprehensive income

High grade - Counterparties that are consistently profitable, have strong fundamentals and pays out dividends.

Standard grade - Counterparties that recently turned profitable and have the potential of becoming a high grade company. These counterparties have sound fundamentals.

Substandard grade - Counterparties that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

Financial assets at amortized cost

High grade - High probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - Collections are probable due to the reputation and the financial ability of the counterparty to pay.

Substandard grade - The counterparty shows probability of impairment based on historical trends.

The table below show credit quality by class of financial assets and analysis of past due accounts based on the Company's credit quality grades (gross of related allowance for credit losses).

Particulars	2023			2022		
	Neither Past Due nor Impaired			Neither Past Due nor Impaired		
	High Grade	Standard Grade	Total	High Grade	Standard Grade	Total
Financial assets at amortized cost						
Cash* (Note 9)	₱ 181,468	₱ -	₱ 181,468	₱ 133,881	₱ -	₱ 133,881
Advances to related parties (Note 11)	347,720,003	-	347,720,003	347,720,003	-	347,720,003
Total financial assets at amortized cost	₱ 347,901,471	₱ -	₱ 347,901,471	347,853,884	₱ -	₱ 347,853,884
Equity instruments at FVOCI (Note 12)	17,888,750	-	17,888,750	19,110,200	-	19,110,200
Total	₱ 365,790,221	₱ -	₱ 365,790,221	₱ 366,964,084	₱ -	₱ 366,964,084

*Excludes cash on hand

The credit quality of receivables is managed by the Parent Company using internal credit quality ratings. High and standard grade accounts consist of receivables from debtors with good financial standing and with relatively low defaults. The Parent Company constantly monitors the receivables from these payors in order to identify any adverse changes in credit quality. The allowance for doubtful accounts is provided for those receivables that have been identified as individually impaired.

The risk on cash is minimal as the Parent Company deals only with reputable banks with strong credit ratings.

Due from related parties are high grade accounts that are due from related parties with good financial standing.

Liquidity risk

The Parent Company's objective is to maintain a balance between flexibility and continuity of funding. However, because of past due liabilities for which the Parent Company is jointly and severally liable, the Parent Company's access to funds has been limited to those of its related parties in the form of advances. Current working capital requirements will continue to be sourced from short-term loans and advances from related parties.

The table below shows the maturity profile of the financial assets and liabilities, based on its internal methodology that manages liquidity based on contractual undiscounted cash flows:

Particulars	2023			
	On Demand	Within 1 Year	More than 1 Year	Total
Financial Assets at amortized cost				
Cash* (Note 9)	₱ 181,468	₱ -	₱ -	₱ 181,468
Advances to related parties (Note 11)	347,720,003	-	-	347,720,003
Subtotal	347,901,471			347,901,471
Equity investments at FVOCI (Note 12)	-	-	17,888,750	17,888,750
Total	347,901,471	-	17,888,750	365,790,221
Financial Liabilities				
Due to related parties	₱ -	₱ -	₱ 287,065,177	₱ 287,065,177
Accrued expenses and other liabilities**	-	450,627	123,438,803	123,889,430
Total	-	450,627	410,503,980	410,954,607
Net Position	₱ 347,901,471	₱ (450,627)	₱ (392,615,230)	₱ (45,164,386)

*Excludes cash on hand

**Excludes dues to government liabilities

Particulars	2022			
	On Demand	Within 1 Year	More than 1 Year	Total
Financial Assets at amortized cost				
Cash* (Note 9)	₱ 133,881	₱ -	₱ -	₱ 133,881
Advances to related parties (Note 11)	347,720,003	-	-	347,720,003
Subtotal	347,853,884	-	-	347,853,884
Equity investments at FVOCI (Note 12)	-	-	19,110,200	19,110,200
Total	347,853,884	-	19,110,200	366,964,084
Financial Liabilities				
Due to related parties	₱ -	₱ -	₱ 281,173,968	₱ 281,173,968
Accrued expenses and other liabilities**	-	611,976	123,438,803	124,050,779
Total	-	611,976	404,612,771	405,224,747
Net Position	₱ 347,853,884	₱ (611,976)	₱ (385,502,571)	₱ (38,260,663)

*Excludes cash on hand

**Excludes dues to government liabilities

NOTE 7 – CAPITAL MANAGEMENT

The primary objectives of the Parent Company's capital management are to safeguard the ability of the Parent Company to continue as a going concern and to maintain a capital structure that supports its business. The Parent Company manages its capital structure in light of changes in economic conditions and in close coordination with its major stockholders and other related parties by making adjustments on payments to its related parties and issuing new shares.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Parent Company's external environment and the risks underlying the Parent Company's business, operation and industry.

The Parent Company defines capital as paid-in capital stock, additional paid-in capital and retained earnings (deficit). Other components of equity such as reserve for fluctuations in financial assets at FVOCI are excluded from capital for purposes of capital management.

The Parent Company monitors capital as follows:

Particulars	2023	2022
Share capital	₱ 306,122,449	₱ 306,122,449
Additional paid-in capital	3,571,923	3,571,923
Deficit	(280,666,578)	(275,056,386)
Total	₱ 29,027,794	₱ 34,637,986

The Parent Company is not subject to externally imposed capital requirements.

NOTE 8 – FAIR VALUE MEASUREMENT

The following table summarizes the carrying and fair values of the Parent Company's financial assets and financial liabilities as of December 31, 2023 and 2022:

Particulars	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash* (Note 9)	₱ 181,468	₱ 181,468	₱ 133,881	₱ 133,881
Advances to related parties (Note 11)	347,720,003	347,720,003	347,720,003	347,720,003
Equity investments at FVOCI (Note 12)	17,888,750	17,888,750	19,110,200	19,110,200
Total	₱ 365,790,221	₱ 365,790,221	₱ 366,964,084	₱ 366,964,084
Financial Liabilities				
Due to related parties (Note 17)	287,065,177	287,065,177	281,173,968	281,173,968
Accrued expenses and other current liabilities** (Note 16)	123,438,803	123,438,803	123,438,803	123,438,803
Total	₱ 410,503,980	₱ 410,503,980	₱ 404,612,771	₱ 404,612,771

*Excludes cash on hand

**Excludes dues to government liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Current financial assets and financial liabilities

Due to the short-term nature of the transactions, the carrying values of cash, due from (to) related parties and accrued expenses and other current liabilities approximate their fair values.

Equity investments at FVOCI

The fair values of financial assets at FVOCI, which are publicly traded instruments, are based on quoted bid prices.

The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table shows the Parent Company's financial instruments carried at fair value:

Particulars	2023		2022	
	Level 1	Level 3	Level 1	Level 3
Equity investments at FVOCI (Note 12)	₱ 5,388,750	₱ 12,500,000	₱ 6,610,200	₱ 12,500,000
Total	₱ 5,388,750	₱ 12,500,000	₱ 6,610,200	₱ 12,500,000

There had been no transfers between Level 1 and Level 3 for the years ended December 31, 2023 and 2022.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counter-parties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

NOTE 9 – CASH

As of December 31, the account consists of the following

Particulars	2023	2022
Petty cash	₱ 25,000	₱ 25,000
Cash in bank	<u>181,468</u>	<u>133,881</u>
Total	₱ <u>206,468</u>	₱ <u>158,881</u>

Cash in banks earn interests at the bank's respective deposit rates.

NOTE 10 – PREPAYMENTS AND OTHER CURRENT ASSETS

As at December 31, the account consists of:

Particulars	2023	2022
Creditable withholding taxes	₱ 7,721,700	₱ 7,721,700
Input taxes (Note 27)	5,291,288	5,148,034
Prepaid income tax (Note 18)	135,789	135,789
Other prepayments	<u>2,425</u>	<u>—</u>
Total	13,151,202	13,005,523
Less: Allowance for probable losses	<u>13,012,988</u>	<u>12,869,734</u>
Net realizable value	₱ <u>138,214</u>	₱ <u>135,789</u>

A reconciliation of allowance for probable losses is shown below:

Particulars	2023	2022
Balance at the beginning of the year	₱ 12,869,734	₱ 12,641,452
Provision for impairment (Note 23)	<u>143,254</u>	<u>228,282</u>
Balance at the end of the year	₱ <u>13,012,988</u>	₱ <u>12,869,734</u>

NOTE 11 – ADVANCES TO RELATED PARTIES, NET

As of December 31, the account consists of the following

Particulars	2023	2022
Advances to Polymax	₱ 575,147,371	₱ 574,332,598
Advances to CPDSI	<u>147,875,809</u>	<u>147,875,809</u>
Total (Note 22)	723,023,180	722,208,407
Less: Allowance for impairment / expected credit losses	<u>375,303,177</u>	<u>374,488,404</u>
Net	₱ <u>347,720,003</u>	₱ <u>347,720,003</u>

Advances amounting ₱347,720,003 and ₱347,720,003, which constitutes 79% and 78% of the Parent Company's total assets as of December 31, 2023 and 2022, respectively, represents advances to Polymax, the Parent Company's special purpose entity incorporated in British Virgin Islands solely for the purpose of acquiring the petrochemical plant of NPCA as discussed in Note 2.

On March 18 and September 20, 2006, Polymax's interest in NPCA of 40% and 20%, respectively, was sold. Another 20% of the remaining interest of Polymax in NPCA was sold in late 2014, bringing down Polymax's interest in NPCA to 20% as of December 31, 2014.

The remaining 20% interest of Polymax in NPCA is for sale. In this regard and to ensure the recoverability of the Parent Company's advances to Polymax, the Parent Company's major stockholders issued a letter of comfort in favor of the Parent Company on September 30, 2014. To reiterate assurance of the collectability of the Parent Company's advances to Polymax, comfort letters dated March 9, 2020 and March 21, 2021 were issued by the major stockholders of the Parent Company.

During 2023, and 2022, the Company made additional collections of the advances from Polymax amounting to ₱5,076,438 and ₱3,786,176, respectively.

The advances to Consumer Products Distribution Services, Inc. (CPDSI) is unsecured and non-interest bearing.

A reconciliation of allowances for impairment and credit losses of receivables is shown below:

Particulars	2023	2022
Balance at the beginning of the year	₱ 374,488,404	₱ 372,366,446
Provision for credit losses – Polymax (Note 23)	814,773	2,105,032
Provisions for impairment – CPDSI (Note 21)	-	16,926
Balance at the end of the year	₱ <u>375,303,177</u>	₱ <u>374,488,404</u>

NOTE 12 – EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
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The Company classifies its equity investments at fair value through other comprehensive income (FVOCI).

As of December 31, 2023, the equity investments at FVOCI consist of:

Particulars	Fair Value	Acquisition Cost	Accumulated Unrealized gain	Allowance for impairment
Equity securities:				
Traded	₱ 5,388,750	₱ 3,681,723	₱ 1,707,027	₱ -
Non-traded	<u>12,500,000</u>	<u>12,500,000</u>	<u>-</u>	<u>-</u>
Total	₱ <u>17,888,750</u>	₱ <u>16,181,723</u>	<u>1,707,027</u>	<u>-</u>

As of December 31, 2022, the equity investments at FVOCI consist of:

Particulars	Fair Value	Acquisition Cost	Accumulated Unrealized gain	Allowance for impairment
Equity securities:				
Traded	₱ 6,610,200	₱ 3,681,723	₱ 2,928,477	₱ -
Non-traded	12,500,000	12,500,000	-	-
Total	₱ 19,110,200	₱ 16,181,723	2,928,477	₱ -

Equity securities consist of investment in companies listed and not listed in the Philippine Stock Exchange.

The fair values of equity securities have been determined directly by reference to published prices in an active market.

The reconciliation of the carrying amounts of investments is as follows:

Particulars	2023	2022
Beginning balance, at fair value	₱ 19,110,200	₱ 19,110,200
Fair value loss for the year	(1,221,450)	-
Total	₱ 17,888,750	₱ 19,110,200

Movements in the net accumulated unrealized gain (loss) on equity instruments are as follows:

Particulars	2023	2022
Beginning balance	₱ 2,928,477	₱ 2,928,477
Fair value loss for the year	(1,221,450)	-
Total	₱ 1,707,027	₱ 2,928,477

NOTE 13 – INVESTMENT IN SUBSIDIARIES

As of December 31, the account consists of the following:

Particulars	2023	2022
Unlisted shares, carried at cost		
Asia HealthCare Inc. (AHI)	₱ 9,000,000	₱ 9,000,000
Consumer Products Distribution Services, Inc. (CPDSI)	540,335,805	540,335,805
Fez-Eac Holdings Inc. (FEZ)	30,000,000	30,000,000
Metro Combined Logistics Solutions, Inc (MCLSI)	18,640,500	18,640,500
Zuellig Distributors Inc.(ZDI)	50,000,000	50,000,000
Total	647,976,305	647,976,305
Less: Allowance for impairment	(629,335,805)	(629,335,805)
Net realizable value	₱ 18,640,500	₱ 18,640,500

Details of the Company's Subsidiaries and the related movement in investments are as follows:

Subsidiaries	Principal Activity	Shares held	Description of Percentage of Ownership	
			Interest	
			2023	2022
AHI	Trading and pharmacy management	60%	60%	60%
CPDSI	Importation/Distributor of Polypropylene	100%	100%	100%
FEZ	Trading and distribution	100%	100%	100%
MCLSI	Outside logistic provider	51%	51%	51%
ZDI	Trading and distribution	100 %	100 %	100 %

NOTE 14 – PROPERTY AND EQUIPMENT, NET

The movement of property and equipment are summarized below as of December 31, 2023:

Particulars	Balance, Beginning	Additions	Disposal/ Reclassification	Balance, Ending
Cost:				
Computer equipment	₱ 84,545	₱ -	₱ -	₱ 84,545
Right-of-use asset	932,955	-	-	932,955
Total	1,017,500	₱ -	₱ -	1,017,500
Accumulated depreciation:				
Computer equipment	84,545	-	-	84,545
Right-of-use asset	700,295	174,495	-	874,790
Total	784,840	₱ 174,495	₱ -	959,335
Net book value	₱ 232,660			₱ 58,165

The movement of property and equipment are summarized below as of December 31, 2022:

Particulars	Balance, Beginning	Additions	Disposal/ Reclassification	Balance, Ending
Cost:				
Computer equipment	₱ 84,545	₱ -	₱ -	₱ 84,545
Right-of-use asset	583,965	348,990	-	932,955
Total	<u>668,510</u>	<u>₱ 348,990</u>	<u>₱ -</u>	<u>1,017,500</u>
Accumulated depreciation:				
Computer equipment	84,545	-	-	84,545
Right-of-use asset	525,800	174,495	-	700,295
Total	<u>610,345</u>	<u>₱ 174,495</u>	<u>₱ -</u>	<u>784,840</u>
Net book value	₱ <u>58,165</u>			₱ <u>232,660</u>

The Company elected to use the cost model in accounting for property and equipment. They also believed that the carrying amount of its property and equipment during the year are not impaired.

Depreciation charged in the statements of income for the years ended December 31, 2023 and 2022 amounted to ₱174,495 (Note 23).

None of the properties were pledged or mortgaged as collateral to secure any of the Company's loans.

NOTE 15 – DEFERRED TAX ASSETS

As of December 31, 2023, deferred tax asset consists of:

	Tax Base			Tax Rate	Tax Effect		
	Beginning balance	Movement	Ending balance		Beginning balance	Movement	Ending balance
Net deferred tax on leases	₱ 2,316	₱ (3,170)	₱ (853)	25%	₱ 579	₱ (792)	₱ (213)
Provision for impairment	1,818,045	224,200	2,042,245	25%	454,511	56,050	510,561
Provision for credit losses	226,612,595	814,773	227,427,368	25%	56,653,149	203,693	56,856,842
Total	₱ <u>228,432,956</u>	₱ <u>1,035,803</u>	₱ <u>229,468,760</u>		₱ <u>57,108,239</u>	₱ <u>258,951</u>	₱ <u>57,367,190</u>

As of December 31, 2022, deferred tax asset consists of:

	Tax Base			Tax Rate	Tax Effect		
	Beginning balance	Movement	Ending balance		Beginning balance	Movement	Ending balance
Net deferred tax on leases	₱ 1,462	₱ 854	₱ 2,316	25%	₱ 365	₱ 213	₱ 579
Provision for impairment	1,520,560	297,485	1,818,045	25%	380,140	74,371	454,511
Provision for credit losses	224,507,563	2,105,032	226,612,595	25%	56,126,891	526,259	56,653,149
Total	₱ <u>226,029,585</u>	₱ <u>2,403,371</u>	₱ <u>228,432,956</u>		₱ <u>56,507,396</u>	₱ <u>600,843</u>	₱ <u>57,108,239</u>

NOTE 16 – ACCRUED EXPENSES AND OTHER LIABILITIES

This account consists of:

Particulars	2023	2022
Current portion		
Accrued expenses	₱ 391,000	₱ 377,000
Lease liability (Note 25)	59,627	234,976
Other current liabilities	333,091	315,062
Subtotal	783,718	927,038
Non-current portion		
Accrued expenses	123,438,803	123,438,803
Total	₱ 124,222,521	₱ 124,365,841

Lease liability pertains to the present value of lease payments, discounted at the discount rate of the lease.

Other current liabilities pertain to payable to government agencies.

The Parent Company has liabilities arising in the ordinary conduct of business, which are either pending decision by the government authorities or are being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, adequate provisions, which are recorded as part of accrued expenses, have been provided in the financial statements to cover liabilities that may arise as a result of an adverse decision that may be rendered.

Provisions relate to pending claims jointly and severally against the Parent Company and Polymax and pending claims and tax assessment solely against the Parent Company. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it may prejudice the outcome of these claims and tax assessments.

Non-current portion of the accruals pertain to management fee and reserve for BIR amounting to ₱39,685,406 and ₱83,753,397, respectively. This is not expected to be settled within one year or the company's operating cycle, whichever is longer.

NOTE 17 – ADVANCES FROM RELATED PARTIES

As of December 31, this account consists of:

Particulars	2023	2022
<i>Due to Affiliate</i>		
Philippine Estate Corporation	₱ 286,565,177	₱ 280,673,968
<i>Due to Subsidiaries</i>		
Consumer Products Distribution Services	233,343,405	233,343,405
FEZ-EAC Holding Inc.	30,078,088	30,078,088
Zuellig Distributors Inc.	27,446,253	27,446,253
Metro Combined Logistics Solutions, Inc.	500,000	500,000
Subtotal	291,367,746	291,367,746
Valuation allowance for impairment	(290,867,746)	(290,867,746)
	500,000	500,000
Total (Note 22)	₱ 287,065,177	281,173,968

The Parent Company issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 a 2% interest per annum until the maturity date of March 15, 2026.

The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2023 and 2022, the interest and other expenses incurred amounted to ₱5,891,208 and ₱5,260,007, respectively (Note 22).

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Parent Company to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

NOTE 18 – INCOME TAXES

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery or Tax incentives for Enterprises Act” (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity’s office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

The detailed computation of the normal corporate income tax (expense) for the years ended December 31, is as follows:

Particulars	2023	2022
Net loss	₱ (5,869,144)	₱ (6,240,814)
Permanent differences:		
Non-deductible expenses and losses	1,214,532	100,300
Interest income subjected to final tax	(76)	(62)
Temporary differences:		
Provision for expected credit losses	814,773	2,105,032
Provision for impairment	224,200	297,485
Deferred income on leases	3,170	854
Taxable income (NOLCO)	(3,618,884)	(3,737,205)
Applicable tax rate	25%	25%
Current tax expense	₱ -	₱ -
Deferred tax income (Note 15)	₱ 258,951	600,843
Income tax benefit	₱ 258,951	600,843

The MCIT is computed as follows:

Particulars	2023	2022
Revenues	₱ -	₱ -
Cost of sales and services	-	-
Gross income	-	-
Other income	-	-
Total	-	-
MCIT rate	1.5%	1.0%
MCIT Due	₱ -	₱ -

In 2023 and 2022, the comparison between the Company's computed MCIT and Normal Corporate Income Tax (NCIT) discloses nil gross and taxable income, respectively; hence no tax due is recognized during the year.

As of December 31, the income tax payable (excess credits) of the Company is presented as follows

Particulars	2023	2022
Income tax payable for the year	₱ -	₱ -
Prior year excess tax credits	(135,789)	(135,789)
Payments made during the year	-	-
Creditable withholding tax	-	-
Income tax still payable (overpayment) (Note 10)	₱ (135,789)	₱ (135,789)

Deferred income tax assets of ₱904,721 and ₱934,270 as of December 31, 2023 and 2022, respectively, have not been recognized carry forward benefits of unused NOLCO as shown below, as management believes that the Parent Company may not have sufficient taxable profits or tax liabilities against which these NOLCO may be utilized.

Total NOLCO amounted to ₱15,863,866 and ₱12,244,982 for the years ended December 31, 2023 and 2022, respectively.

NOLCO can be claimed as deduction from regular taxable income as follows:

Year incurred	Amount	Applied	Expired	Balance	Expiry date
2023	3,618,884	-	-	3,618,884	2026
2022	₱ 3,737,080	₱ -	₱ -	₱ 3,737,080	2025
2021	5,135,130	-	-	5,135,130	2026
2020	3,372,772	-	-	3,372,772	2025
Total	₱ 15,863,866	₱ -	₱ -	₱ 15,863,866	

NOTE 19 – RETIREMENT BENEFIT PAYABLE

The Parent Company's retirement benefit obligation under RA No. 7641 amounted to nil as of December 31, 2023 and 2022. The accrued retirement benefit cost is determined based on the number of years of service rendered and compensation of a covered employee.

In 2020, the Board of Directors approved in its Board Resolution No. 12, dated December 23, 2020, the charge of gratuity pays of the retired employees, which amounted to ₱297,241, to accrued retirement benefits, and the write-off of the remaining retirement benefit payable of ₱672,444 since the Company has no longer employees until September 2022. During October 2022 the company hired one (1) employee as the company requires manpower

to maintain its books of accounts. Due to uncertainties of the tenure of the employee, the management did not provide accruals on retirement benefit as of December 31, 2023 and 2022.

NOTE 20 – SHARE CAPITAL

The Parent Company's capital stock as of December 31, 2023 and 2022 consists of the following common shares:

Particulars	2023	2022
Authorized		
720,000,000 shares are considered as Class A at ₱1 par value per share	₱ 720,000,000	₱ 720,000,000
480,000,000 shares are considered as Class A at ₱1 par value per share	<u>480,000,000</u>	<u>480,000,000</u>
	₱ <u>1,200,000,000</u>	₱ <u>1,200,000,000</u>
Issued and Outstanding		
183, 673,470 Class A shares at ₱1 par value per share	₱ 183,673,470	₱ 183,673,470
122,448,979 Class B shares at ₱1 par value per share	<u>122,448,979</u>	<u>122,448,979</u>
	₱ <u>306,122,449</u>	₱ <u>306,122,449</u>
Additional Paid-in Capital	₱ <u>3,571,923</u>	₱ <u>3,571,923</u>

The two classes of common shares are identical in all respects, except that Class "A" shares are restricted to Philippine nationals and the total number of Class "B" shares is limited to two-thirds of the total outstanding Class "A" shares.

On July 25, 2003, the Parent Company's stockholders approved the increase in authorized capital stock from ₱1.2 billion consisting of 1.2 billion shares to ₱5 billion consisting of 5 billion shares, both with par value of ₱1 per share. However, the increase was held in abeyance because of the dispute in the acquisition of the Petrochemical Project, which was settled in 2013 as discussed in Note 2.

NOTE 21 – CUMULATIVE DEFICIT

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

As of December 31, the account consists of the following:

Particulars	2023	2022
Cumulative deficit, beginning	₱ (275,056,386)	₱ (269,416,415)
Net loss for the year	<u>(5,610,192)</u>	<u>(5,639,971)</u>
Cumulative deficit, end	₱ <u>(280,666,578)</u>	₱ <u>(275,056,386)</u>

The Parent Company recognized provision for estimated credit losses of ₱814,000 and ₱2,105,032 for the year 2023 and 2022 respectively on advances to a related party which contributes to the material losses for the year. The provision is in compliance with the requirements of PFRS 9.

NOTE 22 – RELATED PARTY TRANSACTIONS

The details of the Parent Company's related parties are summarized as follows:

Name of the related party	Relationship	Nature of transaction	Country of incorporation
Consumer Products Distribution Services, Inc. (CPDSI)	Subsidiary	Distribution of polyethylene	Philippines
Polymax Worldwide Limited	Affiliate	Series of acquisition transaction	British Virgin Island
Acesite (Phils.) Hotel Corporation	Affiliate	Hotel business and other accommodations	Philippines
The Wellex Group, Inc.	Affiliate	Holding company	Philippines
FEZ-EAC Holdings, Inc.	Subsidiary	Holding company	Philippines
Zuellig Distributors, Inc.	Subsidiary	Holding company	Philippines
Metro Combine Logistics Solutions, Inc.	Subsidiary	Third party logistics and warehousing	Philippines
Philippine Estate Corporation	Affiliate	Holding and developing real estate	Philippines

Significant transactions with related parties are as follows:

As of December 31, 2023,

Particulars	Nature, terms, and conditions	Nature of consideration	Transactions	Outstanding Balance
Advances to related party:				
	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration; Offset to accounts payable		
CPDSI	Represents 20% share investment in NPCA		₱ -	₱ 147,875,809
Polymax		Cash consideration	₱ 258,954	₱ 575,147,368
Total (Note 11)			<u>258,954</u>	<u>723,023,177</u>
Due to related parties:				
	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration		
CPDSI			₱ -	₱ 233,342,805
	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration; Offset to accounts receivable		
FEZ-EAC Holdings, Inc.			-	30,078,688
	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration		
Zuellig Distributors, Inc.			-	27,446,253
	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration		
MCLSI			-	500,000
	Secured, no impairment, no guarantee, interest bearing	Cash consideration		
Philippine Estate Corporation			<u>(5,891,209)</u>	<u>286,565,177</u>
Total (Note 17)			₱ <u>(5,891,209)</u>	₱ <u>577,932,923</u>

As of December 31, 2022,

Particulars	Nature, terms, and conditions	Nature of consideration	Transactions	Outstanding Balance
Advances to related party:				
CPDSI	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration; Offset to accounts payable	₱ 16,926	₱ 147,875,809
Polymax	Represents 20% share investment in NPCA	Cash consideration	₱ 2,105,035	₱ 574,332,598
Total (Note 11)			<u>2,121,961</u>	<u>722,208,407</u>
Due to related parties:				
CPDSI	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration; Offset to accounts receivable	₱ -	₱ 233,342,805
FEZ-EAC Holdings, Inc.	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration	-	30,078,688
Zuellig Distributors, Inc.	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration	-	27,446,253
MCLSI	Unsecured, no impairment, no guarantee, noninterest bearing	Cash consideration	-	500,000
Philippine Estate Corporation	Secured, no impairment, no guarantee, interest bearing	Cash consideration	<u>5,891,207</u>	<u>280,673,968</u>
Total (Note 17)			<u>₱ 5,891,207</u>	<u>₱ 572,041,714</u>

The Parent Company issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of P263,000,345 including a 2% legal interest for the year 2020 and a 2% interest per annum until the maturity date of March 15, 2026.

The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2023 and 2022, interest incurred amounted to ₱5,891,207 and ₱5,260,007.

The Parent Company has no compensation to key management personnel in 2023 and 2022.

NOTE 23 – GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are shown below:

Particulars	2023	2022
Professional fees	₱ 2,199,847	₱ 2,811,216
Entertainment, amusement and recreation	1,506,925	388,628
Provision for credit losses (Note 11)	814,773	2,105,032
Personnel costs	311,784	78,161
Provision for impairment (Note 11)	224,200	297,485
Depreciation expense (Note 14)	174,495	174,495
Office supplies	93,308	113,601
Utilities	72,000	72,000
Taxes and licenses (Note 27)	20,137	20,050
Others	447,098	173,849
Total	₱ 5,864,567	₱ 6,234,517

In 2022, provision for estimated credit losses on advances to related party was recognized in compliance with the requirements of PFRS 9.

Expenses classified as others pertains to various expenses such as printing, bank service charge, notarial fee, postage and delivery, trainings and seminars, transportation and travel, membership dues, director's fee, insurance expense and fuel and oil.

NOTE 24 – OTHER INCOME (EXPENSE), NET

As of December 31, the account consists of the following:

Particulars	2023	2022
Interest income	₱ 76	₱ 62
Interest expense (Note 25)	(4,651)	(6,359)
Total	₱ (4,575)	₱ (6,297)

NOTE 25 – LEASE AGREEMENT*As a Lessee*

The Parent Company entered into a lease agreement with The Wellex Group, Inc. for a business space on the 35th floor of One Corporate Centre, Dona Julia Vargas cor. Meralco Ave., Ortigas Center Pasig City. The term of the lease is from May 1, 2020 until April 30, 2022 and was renewed for another period of two (2) years from May 1, 2022 to April 30, 2024. The Leased Period shall be renewable for another period of two (2) years with adjustments in the rental rates as agreed by the parties. Monthly rental for the leased premises amounts to ₱15,000, exclusive of VAT.

Following the adoption of PFRS 16, the Parent Company recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

As of December 31, 2023, the Parent Company's right-of-use asset, net of accumulated depreciation, and lease liability amounted to ₱58,164.93 (Note 14) and ₱232,660 (Note 16), respectively.

Consequently, the Parent Company recognized depreciation expense and interest expense as reduction to the carrying amount of the asset and lease liability amounted to ₱174,495 (Note 23) and ₱4,651 (Note 25), respectively.

As of December 31, 2022, the Parent Company's right-of-use asset, net of accumulated depreciation, and lease liability amounted to ₱232,660 (Note 14) and ₱234,976 (Note 16), respectively.

Consequently, the Parent Company recognized depreciation expense and interest expense as reduction to the carrying amount of the asset and lease liability amounted to ₱174,495 (Note 23) and ₱6,359 (Note 25), respectively.

NOTE 26 – OTHER MATTERS

As of December 31, 2023, the Company has the following legal cases:

(a) Metro Alliance vs. Commissioner of Internal Revenue

On July 5, 2002, the Parent Company received a decision from the Court of Tax Appeals (CTA) denying the Parent Company's Petition for Review and ordering the payment of ₱83.8 million for withholding tax assessments for the taxable years 1989 to 1991. The Parent Company filed a Motion for Reconsideration on July 31, 2002 but this was subsequently denied by the CTA. A Petition for Review was filed with the CTA on November 8, 2002, which was also denied by the CTA. The Parent Company then appealed the decision of the CTA to the Court of Appeals (CA), which likewise denied the appeal and upheld the assessment against the Parent Company. The Parent Company, through its legal counsel, filed a Motion for Reconsideration with the CA in December 2003.

On July 9, 2004, the Parent Company received the CA resolution denying the Motion for Reconsideration. On July 22, 2004, the Parent Company filed with the CA a Motion for Extension of time to file an appeal to the Supreme Court (SC). On August 20, 2004, the Parent Company filed said appeal. On October 20, 2004, the Parent Company received the resolution of the SC denying its Petition for Review for lack of reversible error. The Parent Company filed a Motion for Reconsideration. On January 10, 2005, the SC issued an Order stating that it found no ground to sustain the Parent Company's appeal and dismissed the Parent Company's petition with finality.

On April 26, 2006, the Parent Company filed a Petition for Review before the CTA en banc. On March 7, 2007, the CTA en banc dismissed the Petition for lack of merit. The CTA en banc affirmed the CTA's decision granting the Motion for Issuance of Writ of Execution filed by the Commissioner of Internal Revenue.

As of December 31, 2023, the Parent Company has not received any order of Execution relative to this case. Accordingly, the related obligation is not currently determinable.

(b) Metro Alliance and Philippine Estate Corporation vs. Philippine Trust Company, et al., Civil Case SCA#TG-05-2519, RTC Tagaytay City Branch 18

On September 14, 2005, the Parent Company (MAHEC) and Philippine Estate Corporation (PHES) filed a Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, and Annulment in Decrease in Interest rates, Service Charge, Penalties and Notice of Sheriffs Sale, plus Damages with prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction. The case stemmed from imminent extra-judicial foreclosure of four (4) mortgaged Tagaytay lots covered by Transfer Certificate of Title (TCT) Nos. T-355222, T-35523, T-35524 and T-35552 subject to the Real Estate Mortgage executed by MAHEC and PHES securing ₱280 million loan last December 2003.

On October 6, 2005, the Regional Trial Court (RTC) of Tagaytay City issued and granted the Writ of Preliminary Injunction (first injunction). The preliminary injunction issued by the RTC stopping the foreclosure was nullified by both Court of Appeals and Supreme Court, after which Philtrust proceeded to foreclose, and acquired those properties for only ₱165.8 million. When MAHEC and PHES failed to redeem, Philtrust consolidated title and Tagaytay registry issued new TCTs cancelling PHES' TCT. On October 10, 2011, MAHEC filed Notice *Lis Pendens* vs. four (4) new TCTs of Philtrust.

The case is now back to Tagaytay RTC for trial hearings under new acting Judge Jaime Santiago. MAHEC and PHES already presented witnesses. Next trial hearing was set on April 12, 2016 for presentation of plaintiff's last witness for explanation of why the checks issued in 2004 in favor of Philtrust Bank intended to settle the loan were all dishonored and were returned unpaid.

The Parent Company was able to get the formal trial started and on-going. The Parent Company's most important move was the presentation of a very competent real estate appraiser, realtor, Cesar Santos, who was able to successfully defend in court his ₱811.6 million valuation of the foreclosed Tagaytay properties. Trial hearings are on-going, and it is now defendant Bank's turn to adduce evidence. Plaintiffs have closed their evidence presentation wherein all offered evidence were admitted, over the objections of defendant Bank. At the last hearing held on December 6, 2016, defendant Bank's star witness was subjected to Plaintiff's cross examination wherein they obtained many damaging admissions against the Bank. Plaintiff's counsels' cross-examination resumed at trial hearing last April 25, 2017.

Damages sought are ₱1,000,000 as and by way of exemplary damages and ₱500,000 as and by way of attorney's fees, litigation expenses and cost of suit.

On February 21, 2019, the defense presented its second witness, Mr. Godofredo Gonzales, an appraiser of Philippine Trust Company. However, the cross-examination of the witness was reset to June 27, 2019.

On October 17, 2019, Philtrust submitted a Formal Offer of Evidence in RTC.

In 2020, the Parent Company acknowledged the obligation to PHES, which was due and demandable on June 30, 2020. The Parent Company, however, failed to pay the amount on that date, for which, legal interest has been accrued at the end of the year.

As at December 31, 2023, this is awaiting decision of the court.

(c) MAHEC, POLYMAX & WELLEX vs. Phil. Veterans Bank., et al., Civil Case #08-555 now SC GR. No. 240495 and 240513, RTC Makati Branch 145

The case is an injunction suit with damages filed on July 23, 2008 in RTC-Makati to nullify the foreclosure of Pasig lot securing a ₱350 million loan obtained by MAHEC, Polymax and Wellex. Initially, Temporary Restraining Order (TRO) and preliminary injunction was issued, but afterwards, it was lifted, enabling Philippine Veterans Bank (PVB) to foreclose. In successive certiorari cases that plaintiffs filed, both Court of Appeals (CA) and Supreme Court (SC) upheld PVB. Worse yet, due to major lapse of the plaintiff's original counsels, *lis pendens* on foreclosed Pasig lot was cancelled, and in March 2012, PVB sold the lots to Zen Sen Realty Development Corporation who got new Transfer Certificate of Title (TCT). The above case was consolidated with other case of affiliated company with the same RTC. In 2013, Parent Company's legal counsel brought Zen Sen Realty Development Corporation as defendant also and prayed that the PVB sale to it be nullified. In October 2014, Parent Company's legal counsel dropped Zen Sen Realty as an unnecessary defendant, after which DECISION was rendered vs. PVB on January 9, 2015, declaring the ₱550M loan (total loan of MAHEC, Polymax, Wellex and other affiliated companies) as fully paid, and even over-paid; discharging all the mortgages, and voiding the 2012 sale made to Zen Sen. PVB was ordered to refund to plaintiffs the ₱3.25 million overpayment. PVB filed a motion for reconsideration which was denied. PVB filed Notice of Appeal to Court of Appeal on May 8, 2015, which the Parent Company's legal counsel questioned as defective, but the RTC ruled against the company in its May 12, 2015 Order.

Upon appeal thereof by both parties, the Court of Appeals rendered its Decision dated June 29, 2017, partly granting PVB's appeal, and declared that: (a) the legal interest of 12% per annum be applied to the principal amounts; and (b) that MAHEC, et al. remain liable to pay PVB the amount of ₱69.7 million as of November 2006. MAHEC, et al. filed their "Motion for Reconsideration" dated July 31, 2017. The Court of Appeals rendered its Amended Decision dated February 28, 2018, stating that the outstanding obligation of MAHEC, et al., if any, shall earn interest at 6% per annum from July 1, 2013 onwards, pursuant to Central Bank Circular No. 799. The Court of Appeals denied PVB's Motion for Reconsideration thereof in its Resolution dated July 2, 2018.

On August 24, 2018, MAHEC, et.al filed with the Supreme Court its "Petition for Review on Certiorari" dated August 22, 2018. This was consolidated with PVB's "Petition for Review" dated August 24, 2018, which was previously raffled to the Supreme Court's Third Division.

In G.R. No. 240495, Parent Company received a copy of PVB's 'Comment/Opposition' dated October 30, 2019. On December 4, 2019, MAHEC, et al. filed "Motion to Admit Reply" with attached Reply, both dated November 28, 2019.

In G.R. No. 240513, MAHEC, et al. already "Comment (On the Petition for Review dated August 24, 2018)" dated August 30, 2019.

On February 23, 2021, the case was set for the presentation of plaintiffs' evidence. However, the case was rescheduled on June 22, 2021 due to lack of return card of the notice of the hearing sent to defendant's counsel.

On April 18, 2022, MAHEC et al received the Supreme Court's Notice of Judgment dated April 4, 2022 with attached Decision dated September 15, 2021, rendered in the case which they filed to restrain PVB from foreclosing on the Pasig property. Thereafter, PVB filed its undated Motion for Reconsideration on May 5, 2022.

In response, PVB filed its Opposition dated November 2, 2022, praying that MAHEC, et al.'s Motion should be denied. In its order dated November 7, 2022, the trial court partially granted MAHEC et al.'s Motion and issued a Writ of Execution of even date, ordering its Sheriff to demand the Register of Deeds, Pasig City, to: (a) cancel PVB's TCT No. 011-201000057 over the Pasig Property; and (b) reconstitute Wellex's TCT No. PT-101589 thereover.

The parties filed their respective Motion for Partial Reconsideration. MAHEC, et. al. prayed that the order securities mortgaged to the loan must be discharged and released, as decided by the trial court in its Decision dated January 9, 2015, and attached to their Motion appraisal reports showing the amounts of reasonable rent to which Wellex is entitled. On the other hand, PVB argued in its Motion that Wellex's TCT No. PT-101589 cannot be reconstituted because the Pasig Property was already transferred to a third party, Zen Sen Realty Development Corporation. The trial court denied both Motions.

Meanwhile, the trial court's Sheriff reported to MAHEC, et.al. that despite their demand on the Register of Deeds, Pasig City, the latter was unable to reconstitute Wellex's TCT No. PT-101589 over the Pasig Property. However, on January 16, 2023, the Register of Deeds of Pasig City, subsequently complied with the Writ and: (a) reported that PVB's TCT No. 011-201000057 has already been cancelled; and (b) duly issued TCT No. 011-2023000787 over the Pasig Property, in the name of Wellex. Thus, the Decision has been partially satisfied as regards the portion of the judgment award directing the Register of Deeds of Pasig City to reconstitute the title of the Pasig Property in favor of Wellex.

Thereafter, PVB filed its "Motion for the Issuance of a Writ of Execution" dated March 10, 2023, praying that the trial court issue a writ of execution ordering MAHEC, et. al. to pay to PVB their outstanding principal obligation of Php66,202,988.64, plus interest until full payment, and/or garnish upon MAHEC, et. al.'s properties not exempt from execution in the event they refuse to pay said amounts.

In response, MAHEC, et. al. filed their Opposition dated March 28, 2023 opposing the same for being grossly premature and for utter lack of merit, considering that legal compensation may take place as regards the respective judgment awards in favor of Wellex and PVB, for reasonable rent and the amount of the outstanding loan obligation plus interest, respectively.

The cases were re-raffled to RTC-Makati, Branch 56. Upon MAHEC, et al.'s motion, in its Order dated August 10, 2023, the presiding judge of RTC-Makati, Branch 56 voluntarily inhibited himself from presiding in this case because he was formerly part of Wellex's corporate counsel. Thus, these cases were re-raffled to RTC-Makati, Branch 142, on August 22, 2023.

As of to date, the following judgment awards from the Supreme Court's Decision have not yet been executed: (a) the amount of reasonable rent owed by PVB to Wellex over the Pasig Property, for which MAHEC, et al. submitted the "Appraisal Report CPAC File No. 22-C347-B" Retrospective as of December 2021 and November 2022 on the Pasig Property, to aid the trial court's computation; and (b) MAHEC, et al.'s outstanding principal obligation to PVB in the amount of Php66,202,988.64 plus interest.

At the hearing on November 16, 2023, MAHEC et al. presented their witness who identified the Judicial Affidavit dated November 9, 2023. Thereafter, MAHEC, et al. filed their "Motion to Recall" with attached "Second Judicial Affidavit" both dated December 6, 2023.

The schedule of hearings for the presentation of evidence to ascertain reasonable rent was set in the next succeeding months.

As of December 31, 2023, the parties are preparing for the scheduled hearings and decision is not determinable.

- (d) MAHEC, POLYMAX, Renato B. Magadia (Metro Group/plaintiffs) vs NPC International Limited, et al. (NPC Group/defendants) Civil Case No. R-PSG 19-02106, RTC Pasig City Branch 159 and related cases

On August 1, 2019, MAHEC together with co-plaintiffs, Polymax Worldwide Limited (Polymax) and Renato B. Magadia instituted a civil case in the Regional Trial Court (RTC) of Pasig City – Branch 159 against NPC International Limited (NPCI), NPC Alliance Corporation (NPCA), et. al. docketed as Civil Case No. R-PSG 19-02106CV for mismanagement and damages, restitution of 80% equity in NPCA, deletion from the accounting books and financial statements of NPCA the accounts due to Parent Company and trade payables due to NPCI and PGPCI as reflected in the audited financial statements of NPCA, reimbursement of total accumulated losses as reflected in 2018 audited financial statements of NPCA as well as reimbursement of opportunity losses in the amount of Php100 million.

After failure of settlement in both Mediation and Judicial Dispute Resolution proceedings, the case is now set for pre-trial. The Pre-Trial hearing was set originally on August 1, 2023. However, due to the ongoing compromise talks between the parties, both parties filed two (2) Joint Motion to Cancel and Reset Hearing on July 31, 2023 and October 31, 2023. Both Joint Motion were granted by the Court. Hence, the Pre-Trial hearing is scheduled on January 30, 2024.

On the other hand, NPCI filed a countersuit with the Permanent Court of Arbitration at the Hague. This counter suit prays for payment by the MAHEC and Polymax of costs and damages that the NPCI has incurred for the preservation of the Bataan polyethylene plant from 2018 to the date of the award. MAHEC and Polymax questioned the jurisdiction of the Permanent Court of Arbitration. Nonetheless, the arbitral court refused to bifurcate the issue on jurisdiction but proceeded with the arbitration proceedings. As a matter of courtesy, but without prejudice to its position that they are not subject to the jurisdiction of the Honorable Tribunal, MAHEC and Polymax submitted all its Replies on the arguments presented by NPCI.

Due to the ongoing compromise talks between the parties, both parties agreed to suspend the proceedings for a period of three (3) months.

- (e) Metro Alliance Holdings & Equities Corporation, Polymax Worldwide Limited, And Renato B. Magadia vs. Regional Trial Court-Pasig (Branch 159), NPC Alliance Corporation, Amir Hatami Ramsheh, Homayoon Izadi, and Rannier Espino G.R. No. 261861

Pending before the Supreme Court is MAHEC's Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court docketed as G.R. No. 26186 to nullify and set aside the Resolution dated July 28, 2021 and Resolution dated June 3, 2022 of the Court of Appeals (CA) former Twelfth Division in the case of CA-GR SP. No. 166958. On May 19, 2023, MAHEC, through counsel, received Supreme Court's Resolution dated February 22, 2023 denying MAHEC's Petition for lack of merit. On June 5, 2023, MAHEC, through counsel, filed a Motion for Reconsideration asking the Honorable Court to consider its Resolution dated February 22, 2023. The aforesaid Motion is pending before the Court.

- (f) There are also other pending minor legal cases against the Parent Company. Based on the facts of these cases, management believes that its positions have legal merits and the resolution thereof will not materially affect the Parent Company's financial position and result of operations.

NOTE 27 – SUPPLEMENTARY TAX INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented below is the supplementary information which is required by the Bureau of Internal Revenue to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

I. Revenue Regulation No. 15-2010

Presented below is the supplementary information which is required by the Bureau of Internal Revenue to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS. I. Revenue Regulations No. 15-2010 As required by Revenue Regulation 15-2010 issued by the Bureau of Internal Revenue, the details on taxes duties and licenses fees paid or incurred during the taxpayer year are as follows:

27.1 Output VAT

The Parent Company has no sales transactions that are subject to output VAT in 2023.

27.2 Input VAT

The movements of input VAT during the year are summarized below.

<u>Particulars</u>	<u>Amount</u>
Balance at beginning of year	₱ 5,148,034
Current year's domestic purchases/payments during the year	-
Input tax claimed	<u>143,254</u>
Balance at end of year (Note 10)	₱ <u>5,291,288</u>

27.3 Documentary stamp tax (DST)

Documentary stamp paid during the year amounted to nil.

27.4 Other taxes and licenses

The details of other taxes and licenses paid and accrued are shown below.

<u>Particulars</u>	<u>Amount</u>
Annual registration fee	₱ 500
Business permit	19,637
Others	<u>-</u>
Total (Note 23)	₱ <u>20,137</u>

27.5 Withholding taxes

Withholding taxes paid/accrued and/or withheld for the year ended December 31, 2023 consist of:

<u>Particulars</u>	<u>Total</u>
Tax on compensation and benefits ₱	-
Expanded withholding tax	<u>77,140</u>
Total	<u>₱ 77,140</u>

27.6 Tax contingencies

The other deficiency tax case in which the Parent Company may be liable is discussed in Note 26a.

II. Revenue Regulations No. 34-2020

On December 18, 2020, BIR issued Revenue Regulation No. 34-2020 which prescribed the guidelines and procedures for the submission of BIR Form 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending the pertinent provision of RR No. 19-2020 and RR No. 15-2010.

The Parent Company is covered by the requirements and procedures for related party transactions under the said regulation as it is one of the following taxpayers required to file and submit the RPT Form together with the Annual Income Tax Return (AITR) as provided under Section 2 thereof:

- a. Large taxpayer;
- b. Taxpayers enjoying tax incentives, i.e. Board of Investments (BOI)-registered and economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate;
- c. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d. A related party, as defined under Section 3 of Revenue Regulations (RR) No. 19- 2020, which has transactions with (a), (b) or (c). For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR No. 19-2020, shall no longer be required to file and submit the RPT Form, nor shall there be any requirement to report any transaction between KMP and the reporting entity/parent company of the latter in the RPT Form.

**INDEPENDENT PUBLIC AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION

35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION** as at December 31, 2023 and 2022 and have issued our report thereon dated April 4, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Parent Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for 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 PFRS. The components of these financial soundness indicators have been traced to the Parent Company's financial statements as at December 31, 2023 and 2022 and no material exceptions were noted.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 0314-SEC

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 5, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 – SEC, Group A

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 5, 2027

Makati City, Philippines
April 4, 2024

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION
For the year ended December 31, 2023

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC RULE 68 ANNEX 68-E

Ratio	Formula	As of year ended December 31, 2023	As of year ended December 31, 2022
Current Ratio	Total current assets	347,912	294,670
	Divided by: Total current liabilities	783,718	927,038
	Current ratio	0.44:1	0.32
Acid test ratio	Total current assets	347,912	294,670
	Less: Other current assets	138,214	135,789
	Quick assets	209,698	158,881
	Divide by: Total current liabilities	783,718	927,038
	Acid test ratio	0.26:1	0.17
Solvency Ratio	Net loss	(5,610,191)	(5,639,971)
	Add: Depreciation	174,495	174,495
	Total	(5,435,696)	(5,465,476)
	Divide by: Total liabilities	411,287,698	405,539,809
	Solvency ratio	0.01:1	(0.01)
Debt-to-Equity Ratio	Total liabilities	411,287,698	405,539,809
	Divided by: Total Equity	30,734,822	37,566,463
	Debt-to-equity ratio	13.33:1	10.80
Asset-to-equity ratio	Total assets	442,022,520	443,106,272
	Divided by: Total equity	30,734,822	37,566,463
	Asset-to-equity ratio	14.33:1	11.80
Interest rate coverage ratio	Loss before income tax	(5,869,142)	(6,240,814)
	Add: Interest expense	4,651	6,359
	Total	(5,864,491)	(6,234,455)
	Divided by: Interest expense	4,651	6,359
	Interest rate coverage ratio	1235.89:1	(980.41)
Return on average equity	Net loss	(5,610,191)	(5,639,971)
	Divided by: Average total capital accounts	34,150,643	40,386,449
	Return on equity	0.16:1	(0.14)
Return on average assets	Net loss	(5,610,191)	(5,639,971)
	Divided by: Average total assets	442,564,396	442,913,067
	Return on average assets	0.01:1	(0.01)
Net profit margin	Net loss	(5,610,191)	(5,639,971)
	Net sales	N/A	N/A
	Net profit margin	N/A	N/A

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre
Street, Legaspi Village,
Makati City, Philippines

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Fax: (632) 8819-1468

Website: www.vacocpa.com.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0314-SEC



member
an association of
legally independent
accounting firms

partnering for success

REPORT OF INDEPENDENT PUBLIC AUDITORS TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE BASIC FINANCIAL STATEMENTS

The Stockholders and the Board of Directors

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION

35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.

Ortigas Center, Pasig City

We have examined the Parent financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION** as of December 31, 2023 on which we have rendered the attached report dated April 4, 2024. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules of the Parent Company as of December 31, 2023 and for the year ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 0314-SEC

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 5, 2027

For the firm:

ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 – SEC, Group A

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 5, 2027

Makati City, Philippines

April 4, 2024

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION
Schedule of Philippine Financial Reporting Standards

**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION**

December 31, 2023 and 2022

Items	2023	2022
Unappropriated Retained Earnings, beginning	P (275,056,386)	P (269,416,415)
Net Loss based on the face of AFS	(5,610,192)	(5,639,971)
Less: Non-actual/unrealized income net of tax		
• Equity in net income/(loss) of associate/joint venture	-	-
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain	-	-
• Fair value adjustment (M2M gains)	-	-
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	-	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)	-	-
• Adjustment due to deviation from PFRS/GAAP – loss	-	-
• Loss on fair value adjustment of investment property (after tax)	-	-
FMV gain/(loss) transferred to equity as a result of disposal of equity investment at FVOCI	-	-
Gain/(loss) from disposal of financial assets at FVOCI		
Net Income Actual/Realized	-	-
Unappropriated Retained Earnings, as adjusted, ending	P <u>(280,666,578)</u>	P <u>(275,056,386)</u>

***Metro Alliance Holdings & Equities
Corp. & Subsidiaries***

Sustainability Reporting

December 31, 2023

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	METRO ALLIANCE HOLDINGS AND EQUITIES CORP. (MAH)
Location of Headquarters	35 th Flr. One Corporate Center, Dona Julia Vargas, cor Meralco Ave., Ortigas Center, Pasig City
Location of Operations	PHILIPPINES
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Metro Combined Logistics Solutions, Inc. (MCLSI), Metro Combined Cargo Solutions, Inc. (MCCSI), Consumer Products Distribution Services, Inc (CDPSI), FEZ-EAC Holdings, Inc. (FEZ-EAC), Zuellig Distributors, Inc (ZDI) and Asia Healthcare, Inc. (AHI)
Business Model, including Primary Activities, Brands, Products, and Services	MAH - Engage in investing, purchasing and acquiring assets of any kind and description (no operation) MCLSI and MCCSI - Provide contract logistics and supply chain management services including third party warehousing and distribution, consultancy and project management, domestic freight forwarding services, and value- added services CPDSI - Distribution of Polypropylene (no operation) FEZ-EAC - Trading and distribution (no operation) ZDI - Trading and distribution (no operation) AHI - Trading and pharmacy management (no operation)
Reporting Period	For the year ended 2023
Highest Ranking Person responsible for this report	Atty. Lamberto Mercado, Jr. – Compliance Officer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
Metro Alliance Holdings and Equities Corp and its subsidiaries (jointly referred to as Group), consider the materiality impact related to economic, environmental and social topics in submitting its Sustainability Report. The Company and its subsidiaries consider different aspects in evaluating the materiality such as company policies, laws and regulations of the local government and current issues in the economy. The Sustainability Accounting Standards Board (SASB) Map that the Company used was referenced in the SEC Memorandum Circular No. 4, Series of 2019 on the Sustainability Reporting Guidelines for Publicly Listed Companies. Per management assessment, the Company identified that the following matters as most likely to affect the economic, environmental and social impacts of the Company: A. Economic Impact – Economic Performance, Procurement Practices B. Environmental – Energy Management C. Social Impact – Employee Management, Supply Chain Management, Customer Management and Data Security

¹ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	243,165,617	PhP
Direct economic value distributed:		
a. Operating costs	202,467,383	PhP
b. Employee wages and benefits	15,921,895	PhP
c. Payments to suppliers, other operating costs	24,476,575	PhP
d. Dividends given to stockholders and interest payments to loan providers	0	PhP
e. Taxes given to government	1,494,242	PhP
f. Investments to community (e.g. donations, CSR)	30,000	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Only the subsidiary, MCLSI, generates income through its logistics and leasing out of warehouses. This subsidiary gives employment opportunities to people.	Management, directors and Employees	Management and its directors are dedicated to provide financial support to the Group in order to meet its working capital requirements.
Procurement from local goods and services that is essential to the business.	Suppliers and Government	The Company relies on its suppliers and service providers such as banks.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Availability of goods and services as certain skills and capabilities are required by the Group.	Service Providers/Suppliers, and Government	The Group commits to continuously pay government and suppliers on time to maintain good relationship and avoid penalties.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Group is committed to support its customers by providing good services.	Customers	The subsidiary, MCLSI, maintains good relationship with its customers in order to continuously generate profit.

Climate-related risks and opportunities²

The Company has not yet implement certain metrics and targets to assess and manage the relevant climate-related risks and opportunity at this moment.

Governance	Strategy	Risk Management	Metrics and Targets
Not Applicable	Not Applicable	Not Applicable	Not Applicable
Recommended Disclosures			
Not Applicable	Not Applicable	Not Applicable	Not Applicable

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Most of the budget of the Group was spent on local service providers and suppliers.	Service Providers, and Suppliers	The Group commits to continuously keep a good relationship with the stakeholders by paying its dues on time.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The present service providers or suppliers may not be sufficient to meet the standard requirements of the Group.	Service Providers and Suppliers	The Group may open doors to other service providers or suppliers that may give good quality of service or supplies.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The opportunity to use a wide range of local service provider or suppliers.	Service Providers and Suppliers	The Group may use other service providers/suppliers in the available market.

Anti-corruption

The Company has Anti-Corruption Policies and Procedures.

Training on Anti-corruption Policies and Procedures

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

Incidents of Corruption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

ENVIRONMENT

Resource Management

Energy consumption within the organization:

The Group is developing certain metrics and targets to assess and manage environment-related risks and opportunities at the moment.

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	76,553	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	10,597	kWh
Energy reduction (gasoline)	0	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Because of the pandemic, the group reduced its consumption of electricity in both office and warehouse. But given that, there's no minimal effect on this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	0	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
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There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	0	kg/liters
• non-renewable	0	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0 (identify all sites)	
Habitats protected or restored	0	ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	0 (list)	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
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³ International Union for Conservation of Nature

There's no opportunity/ies identified at this moment for this category.		
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Environmental impact management

Air Emissions

The Group is developing certain metrics and targets to assess and manage environment-related risks and opportunities at the moment.

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The subsidiary, MCLSI has delivery trucks for its logistic operations.	Clients	The Group keeps its trucks in running condition.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Excess engine ignition	Clients	Truck engines are serviced regularly.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

Air pollutants

Disclosure	Quantity	Units
NO _x	0	kg
SO _x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
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Total solid waste generated	0	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group has no material impact at this moment under this category.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴		
a. Number of female employees	200	#
b. Number of male employees	126	#
Attrition rate ⁵	8.97%	rate
Ratio of lowest paid employee against minimum wage	0	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0.03%	0.02%
Vacation leaves	Y	94%	95%
Sick leaves	Y	88%	89%
Medical benefits (aside from PhilHealth))	Y	77%	68%
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	0	0
Further education support	N	0	0
Company stock options	N	0	0
Telecommuting	N	0	0
Flexible-working Hours	Y	1%	2%
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group ensures that the above benefits are fully complies with for the motivation and efficiency of the employees.	All government required wages and benefits are strictly complied with by the Group.
What are the Risk/s Identified?	Management Approach
Employees become inefficient if the Group will not complied with the benefits.	Non-compliance by the Group to the mandated law may result in inefficiencies of work and penalties by the government.
What are the Opportunity/ies Identified?	Management Approach
Giving these benefits would result to work-life balance, motivation and quality of work of employees	Employee satisfaction does not only lead to employee retention but also increased in production of employees.

Employee Training and Development

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

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This improves the overall competence of the employees including the skills necessary for their jobs.	These are external trainings provided by the Group like government seminars.
What are the Risk/s Identified?	Management Approach
Continuous training of employees maybe risky as this may lead to increase in attrition rate.	The Group ensure that competent employees will have a thorough performance evaluation and feedback, where promotion and increase remuneration are considered for the employees.
What are the Opportunity/ies Identified?	Management Approach
Standard trainings will continuously improve the employee's job and will contribute a quality result for the Group.	This will allow the Group to be competitive within the industry.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	35	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no material impact at this moment under this category.	
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	40%	%
% of male workers in the workforce	60%	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no material impact at this moment under this category.	
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	

Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety

Disclosure	Quantity	Units
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Safe Man-Hours	59,463,005 (overall)	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	2	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This impact is on the health and safety of employees due to ongoing delivery operations.	The Group ensures that there should be proper dispatch and truck maintenance.
What are the Risk/s Identified?	Management Approach
The risk is seen when there's vehicle accidents.	The Group ensures that trucks are properly insured.
What are the Opportunity/ies Identified?	Management Approach
Having a safe workplace and guidelines may avoid unfortunate incidents within the Company.	As an added security, employees is given health benefits.

Labor Laws and Human Rights

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

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Policy on Safety – MCLSI Personnel Handbook
Child labor	Y	Policy on Safety – MCLSI Personnel Handbook
Human Rights	Y	Policy on Safety, Data Privacy Policy, Anti-Sexual Harassment and Code of discipline

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is in the welfare of the employees. The Group provide safety nest to ensure that employees are protected.	The Group Policy sets in the Employee Handbook provides in detail what are the rights of the employees whilst employed by the Company.
What are the Risk/s Identified?	Management Approach
The risk is the possibility of aired grievances and lawsuits of employees.	Management provides for a process to ensure that rights of employees are protected.
What are the Opportunity/ies Identified?	Management Approach
If the policies are faithfully followed, a harmonious work environment can be achieved.	Consultation with legal counsel is always done before performing any activities that will affect employee welfare.

Supply Chain Management

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

Suppliers and service providers are primarily evaluated bases on the quality, timeliness and costing they offer. However, management reserves the right to terminate a supply relationship if there are proven accusations of material wrong-doing on the part of the suppliers or service providers (e.g. non-compliance with government laws and regulations)

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
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Environmental performance	Y	
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is on the service providers/suppliers' quality and efficient services required by the Group	All services and purchases by the Group are carefully evaluated and approved by officers.
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	

Relationship with Community

Significant Impacts on Local Communities

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

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

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

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	-	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is on the customer's satisfaction that the Group delivers.	The management ensure that they employed skilled workers so that they deliver its service to its lessee's in a satisfactory manner and less customer complaints.
What are the Risk/s Identified?	Management Approach
Poor service may lead to customer's complaints and may terminate contracts	The Group is open in any complaints from customers. This will also help improve its service to its customers.
What are the Opportunity/ies Identified?	Management Approach
Satisfaction of customers may increase sales to the Group through renewal of contracts.	The Group continuously improve its good relationship with its customer.

Health and Safety

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is on the health and safety of employees due to ongoing delivery operations	The Group ensures that there should be proper dispatch and truck maintenance.
Health and safety of the customers are always considered by the Group	The Group ascertains its compliance with safety parameters mandated by the government by planning and designing all deliverables within the set standards of the applicable rules and regulations.
What are the Risk/s Identified?	Management Approach
The risk is seen when there's vehicle accidents.	The Group ensures that truck are properly insured.
What are the Opportunity/ies Identified?	Management Approach
Having a safe workplace and guidelines may avoid unfortunate incidents within the Company.	As an added security, employees is given health benefits.

Marketing and labelling

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group has no material impact at this moment under this category.	
What are the Risk/s Identified?	Management Approach

There's no risk/s identified at this moment for this category.	
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	

Customer privacy

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This impacts is on the confidentiality of customers information.	Management follows a set of strict procedures that safeguards the information provided by customers.
What are the Risk/s Identified?	Management Approach
The risk is the customer information might get leaked.	Management has provided both manual and technological safety nets to protect customer information from getting leaked.
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	

Data Security

The Company has already implemented the Data Privacy Act of 2012.

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The proper implementation of the Data Privacy Act of 2012 has been put into measures.	All information of any stakeholders are confidentially kept by the company. Any disclosures that the Company may make, will only be done within the Data Privacy Act.
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Logistics and Leasing of warehouses	Contributes decent work and economic growth	Lack of available job opportunities offered to the vulnerable sectors.	Management can assess procedures and existing policies to find more opportunities to provide for the vulnerable sector.

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