SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines

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Securities and Exchange Commission
PHILIPPINES

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

PHILSTAR DAILY, INC.

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

203 ROBERTO S. OCA CORNER
RAILROAD STREET, PORT AREA
MANILA

Form Type	Department requiring the report	Secondary License Type, if Applicable
AFS	CRM	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
NA	(02) 527 7901	NA

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
16	08/25	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CARLOS R. DIZON	[redacted]	[redacted]	[redacted]

CONTACT PERSON's ADDRESS

[redacted]

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

THE PHILIPPINE STAR
TRUTH SHALL PREVAIL

PhilSTAR Daily, Inc.
202 Roberto S.Oca corner Railroad Sts., Port Area, Manila 1018 • Tel. No.: 8527-7777 loc. 2411

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

Isla Lipana & Co., 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 or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

Atty. Ray C. Espinosa
Chairman of the Board

[redacted]

Jaime Miguel G. Belmonte
President/Chief Executive Officer

[redacted]

Carlos R. Dizon
Chief Financial Officer

The only paper you read from cover to cover !

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Independent Auditor's Report

To the Board of Directors and Shareholders of
Philstar Daily, Inc.
202 Roberto S. Oca corner Railroad Street
Port Area, Manila

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Philstar Daily, Inc. (the "Company") as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of total comprehensive income for the years ended December 31, 2022 and 2021;
- the statements of changes in equity for the years ended December 31, 2022 and 2021;
- the statements of cash flows for the years ended December 31, 2022 and 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

Those charged with governance are responsible for overseeing the 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 PSA 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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Isla Lipana & Co.

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 24 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 supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

[redacted]

Jan Michael L. Reyes
Partner
CPA Cert. No. [redacted]
PTR No. [redacted] issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted]-SEC, Category A;
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors [redacted]SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.N. [redacted]022; issued on January 25, 2022; effective until January 24, 2025
BOA/PRC Reg. No. [redacted] effective until November 14, 2025

Makati City
April 4, 2023

APR 28 2023

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Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Philstar Daily, Inc.
202 Roberto S. Oca corner Railroad Street
Port Area, Manila

We have audited the financial statements of Philstar Daily, Inc. (the "Company") as at and for the years ended December 31, 2022 and 2021, on which we have rendered the attached report dated April 4, 2023.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2022, the Company has sixteen (16) shareholders owning one hundred (100) or more shares each.

Isla Lipana & Co.

[redacted]

Jan Michael L. Reyes
Partner
CPA Cert. No.[redacted]
PTR No[redacted] issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted]EC, Category A;
valid to audit 2020 to 2024 finan[redacted]tatements
SEC A.N. (firm) as general auditors o[redacted]C, Category A;
valid to audit 2020 to 2024 financial statements
TI[redacted]
BIR A.N. o[redacted] issued on January 25, 2022; effective until January 24, 2025
BOA/PRC [redacted]ve until November 14, 2025

Makati City
April 4, 2023

Philstar Daily, Inc.

Statements of Financial Position
As at December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	2	259,267,086	341,185,022
Trade and other receivables, net	3	376,843,567	366,592,206
Inventories	4	15,190,854	6,483,835
Other current assets	5	138,798,437	147,339,713
Total current assets		790,099,944	861,600,776
Non-current assets			
Property and equipment, net	6	550,141,466	384,221,664
Investment in associates, at cost	7	16,849,799	16,849,799
Retirement benefit asset	14	-	335,265
Deferred tax assets, net	18	84,051,253	83,941,580
Other non-current assets	8	72,921,944	69,835,585
Total non-current assets		723,964,462	555,183,893
Total assets		1,514,064,406	1,416,784,669
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	9	126,442,038	109,582,382
Due to related parties	17	197,298,099	124,156,661
Total current liabilities		323,740,137	233,739,043
Non-current liability			
Retirement benefit obligation	14	3,968,445	-
Total liabilities		327,708,582	233,739,043
Equity			
Share capital	10	370,000,000	370,000,000
Fair value reserve on other comprehensive income		(16,456,713)	(9,865,978)
Reserve on remeasurements of retirement benefit obligation	14	(22,634,618)	(23,957,282)
Retained earnings	10		
Appropriated		550,000,000	550,000,000
Unappropriated		305,447,155	296,868,886
Total equity		1,186,355,824	1,183,045,626
Total liabilities and equity		1,514,064,406	1,416,784,669

(The notes on pages 1 to 39 are integral part of these financial statements.)

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Philstar Daily, Inc.

Statements of Total Comprehensive Income
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Revenues, net	11	577,685,518	543,798,529
Cost of sales and services	12	(415,203,707)	(367,382,746)
Gross profit		162,481,811	176,415,783
Operating expenses	13	(157,814,536)	(155,759,922)
Other income, net	15	7,248,500	9,640,386
Profit before income tax		11,915,775	30,296,247
Income tax expense	18	(3,337,506)	(23,826,012)
Profit for the year		8,578,269	6,470,235
Other comprehensive income (loss)			
Item that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	5	(6,590,735)	(2,250,779)
Remeasurement gain (loss) on retirement obligation, net of tax	14	1,322,664	(6,040,704)
Total comprehensive income (loss) for the year		3,310,198	(1,821,248)

(The notes on pages 1 to 39 are integral part of these financial statements.)

Philstar Daily, Inc.

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Share capital (Note 10)	Fair value reserve on available-for-sale assets Note 5 and 8)	Reserve on remeasurements of retirement benefit obligation (Note 14)	Retained earnings (Note 10)		Total equity
				Appropriated	Unappropriated	
Balances at January 1, 2021	370,000,000	(7,615,199)	(17,916,578)	550,000,000	290,398,651	1,184,866,874
Comprehensive income						
Profit for the year	-	-	-	-	6,470,235	6,470,235
Other comprehensive loss	-	(2,250,779)	(6,040,704)	-	-	(8,291,483)
Total comprehensive loss for the year	-	(2,250,779)	(6,040,704)	-	6,470,235	(1,821,248)
Balances as at December 31, 2021	370,000,000	(9,865,978)	(23,957,282)	550,000,000	296,868,886	1,183,045,626
Comprehensive income						
Profit for the year	-	-	-	-	8,578,269	8,578,269
Other comprehensive loss	-	(6,590,735)	1,322,664	-	-	(5,268,071)
Total comprehensive income for the year	-	(6,590,735)	1,322,664	-	8,578,269	3,310,198
Balances as at December 31, 2022	370,000,000	(16,456,713)	(22,634,618)	550,000,000	305,447,155	1,186,355,824

(The notes on pages 1 to 39 are integral part of these financial statements.)

Philstar Daily, Inc.

Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Cash flows from operating activities			
Profit before income tax		11,915,775	30,296,247
Adjustments for:			
Depreciation and amortization	6, 8	9,106,827	12,578,266
Provision for impairment of trade receivables	3,13	6,000,000	6,000,000
Loss from direct write-off of ex-deals	5	3,863,189	5,201,702
Interest income	15	(2,428,939)	(719,871)
Gain on sale of transportation equipment	15	-	(1,485,000)
Dividend income	15	-	(1,100,000)
Unrealized foreign exchange gain	19	(4,692,749)	(6,506,844)
Operating income before working capital changes		23,764,103	44,264,500
(Increase) decrease in:			
Trade and other receivables		(20,114,551)	63,760,169
Inventories		(8,707,019)	7,844,625
Other current assets		(1,937,526)	(21,997,998)
Retirement benefit assets, net	14	6,067,262	7,107,226
Other non-current assets		11,077,381	38,734,764
Increase (decrease) in:			
Trade and other payables		16,859,655	(45,214,861)
Due to related parties		73,141,438	45,395,455
Cash flow from operating activities		100,150,743	139,893,880
Interest received from deposits and short-term placements	2	2,428,939	719,871
Net cash flow from operating activities		102,579,682	140,613,751
Cash flows from investing activities			
Additions to property and equipment	6	(174,328,105)	(98,232,368)
Additions to investment property	8	(14,862,262)	-
Proceeds from sale of transportation equipment	15	-	1,485,000
Dividends received	15	-	1,100,000
Net cash flow used in investing activities		(189,190,367)	(95,647,368)
Net (decrease) increase in cash		(86,610,685)	44,966,383
Cash balance at beginning of year		341,185,022	289,711,795
Effect of exchange rate changes on cash and cash equivalents		4,692,749	6,506,844
Cash at end of year	2	259,267,086	341,185,022

(The notes on pages 1 to 39 are integral part of these financial statements.)

Philstar Daily, Inc.

Notes to the Financial Statements
As at and for the years ended December 31, 2022 and 2021
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Organization

Philstar Daily, Inc. (the "Company"), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 25, 1986, primarily to (1) carry on business as proprietors and publishers of newspapers, journals, books and other literary work and undertakings; (2) carry on business as printers, booksellers, bookbinders, papermakers, stationers, engravers, photographers, photographic printers, stereotypers, electrotypers, lithographers, machinists and mechanical engineers, ink, manufacturers, or any other business or manufacture that may seem expedient; (3) carry on the business of news agents, journalists, literature agents, and stationers; and (4) carry on the business of manufacturers and distributors of and dealers in engravings, prints, pictures, drawings and any written engraved, painted or printed production. The Company is operating under the brand "The Philippine Star".

The Company is 51% owned by Hastings Holdings, Inc. (the "Parent Company"), a company incorporated and registered in the Philippines. The remaining 49% of the equity interest is owned by individual shareholders and local companies. The Company's intermediate parent company is Mediaquest Holdings, Inc. (MediaQuest), which was incorporated in the Philippines. The Company's ultimate parent company is The Benefit Plan of PLDT Co., a trust organized and domiciled in the Philippines.

The Company's registered office address is 202 Roberto S. Oca corner Railroad Street, Port Area Manila. As at December 31, 2022, the Company has 301 regular employees (2021 - 300).

1.2 Coronavirus Disease 2019 ("COVID-19") pandemic

On March 18, 2020, based on the President of the Philippines' directive regarding the Enhanced Community Quarantine (ECQ) in response to COVID-19, the Company still continued its operations under skeletal workforce set-up and based on government guidance.

Financial position and results as at and for the years ended December 31, 2022 and 2021

The effects of pandemic continued into 2022 although with meaningful signs of recovery in business operation which resulted in P33.87 million or 6.23% increase in year on year sales. Furthermore, management anticipates that any planned capital investments will pursue at least within the next financial year as cash flows improve and are monitored continuously.

With these, management has assessed that the carrying amount of its assets are recoverable as at reporting date. Specifically, management performed a detailed review of its receivables and inventory provisioning as at and for the years ended December 31, 2022 and 2021.

Management will continue to monitor the business developments amidst the pandemic and update the assessments made. Any medium to long-term impact of the pandemic on the Company's financial position, results, and cash flows cannot be ascertained yet given the uncertainties surrounding the COVID-19 pandemic.

1.3 Approval of the Company's financial statements

The financial statements of the Company as at December 31, 2022 were authorized and approved for issue by the Board of Directors (BOD) on April 4, 2023.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2022	2021
Cash on hand	1,111,634	536,549
Cash in bank	82,044,284	164,062,905
Short-term placements	176,111,168	176,585,568
	259,267,086	341,185,022

Short-term placements have an average of 1 to 3 months term and earn an annual interest rate ranging from 0.0625% to 4% in 2022 (2021 - annual interest rate ranging from 0.0625% to 5.5%). Interest income earned from cash and cash equivalents for the year ended December 31, 2022 amounted to P2,428,939 (2021 - P719,871) (Note 15).

Note 3 - Trade and other receivables, net

Trade and other receivables, net as at December 31 consist of:

	Note	2022	2021
Trade receivables		501,859,956	497,718,543
Allowance for impairment of trade receivables		(176,805,169)	(170,805,169)
Trade receivables, net		325,054,787	326,913,374
Advances to employees		32,606,750	35,886,955
Due from related parties	17	17,209,151	1,628,659
Other receivables		1,972,879	2,163,218
		376,843,567	366,592,206

Advances to employees mainly pertain to retirement pay made by the Company on behalf of the Retirement Plan and ex-deals availed by employees in advance and are paid in installment through salary deductions.

There is no concentration of credit risk with respect to trade receivables as the Company has a large number of individual and corporate customers.

Movements in allowance for impairment of trade receivables for the years ended December 31 are as follows:

	Note	2022	2021
Beginning of the year		170,805,169	164,805,169
Provision	13	6,000,000	6,000,000
End of the year		176,805,169	170,805,169

Note 4 - Inventories

Inventories, at cost as at December 31 consist of:

	2022	2021
Newsprint	7,866,844	2,944,540
Printing and office supplies	7,324,010	3,539,295
	15,190,854	6,483,835

The cost of inventories recognized as expense for the year ended December 31, 2022 amounted to P141,733,592 (2021 - P114,924,092) (Notes 12 and 13).

Note 5 - Other current assets

Other current assets as at December 31 consist of:

	2022	2021
Short-term investments - mutual funds	59,948,516	68,736,163
Creditable withholding tax	54,719,562	49,005,504
Input value-added tax (VAT)	21,074,151	17,841,186
Ex-deals, net	1,607,594	9,786,514
Prepaid expenses	1,448,614	1,970,346
	138,798,437	147,339,713

Short-term investments - mutual funds pertains to the investments made by the Company to a pooled fund that will be invested to various equity and debt securities.

Movement of the short-term investments - mutual funds as at December 31 is as follows:

	2022	2021
Beginning of the year	68,736,163	71,737,202
Unrealized loss recognized in OCI, gross of tax	(8,787,647)	(3,001,039)
	59,948,516	68,736,163

Unrealized net loss, recognized in OCI, related to the mutual funds, as at December 31, 2022 presented in the statement of financial position net of deferred tax amounted to P16,456,713 (2021 - P9,865,978).

Ex-deals consist of non-monetary assets received in consideration of the advertising services provided by the Company. Ex-deals as at December 31, 2022 and 2021 are presented net of allowance for impairment amounting to P2,990,892.

Write-off pertains to ex-deals which were provided an allowance for impairment and were sold in the subsequent year.

For the year ended December 31, 2022, the Company has written off directly ex-deals inventory amounting to P3,863,189 (2021 - 5,201,702) (Note 13) for those ex-deals inventory were sold during the year.

Prepaid expenses pertains to insurance, subscriptions and prepayments to suppliers.

Note 6 - Property and equipment, net

Details of property and equipment, net as at December 31 are as follows:

	Tools equipment	Transportation equipment	Office furniture, fixtures and equipment	Software	Land	Billboard	Construction in progress	Total
At December 31, 2020								
Cost	142,368,699	55,629,940	14,665,624	6,724,054	246,467,719	-	-	465,856,036
Accumulated depreciation and amortization	(108,632,673)	(48,384,754)	(5,033,180)	(5,807,485)	-	-	-	(167,858,092)
Net carrying value	33,736,026	7,245,186	9,632,444	916,569	246,467,719	-	-	297,997,944
For the year ended December 31, 2021								
Opening net carrying value	33,736,026	7,245,186	9,632,444	916,569	246,467,719	-	-	297,997,944
Additions	-	-	556,958	-	-	1,300,000	96,375,410	98,232,368
Depreciation and amortization (Notes 12 and 13)	(4,823,970)	(4,564,652)	(1,709,847)	(671,846)	-	(238,333)	-	(12,008,648)
Closing net carrying value	28,912,056	2,680,534	8,479,555	244,723	246,467,719	1,061,667	96,375,410	384,221,664
At December 31, 2021								
Cost	142,368,699	55,629,940	15,222,582	6,724,054	246,467,719	1,300,000	96,375,410	564,088,404
Accumulated depreciation and amortization	(113,456,643)	(52,949,406)	(6,743,027)	(6,479,331)	-	(238,333)	-	(179,866,740)
Net carrying value	28,912,056	2,680,534	8,479,555	244,723	246,467,719	1,061,667	96,375,410	384,221,664
For the year ended December 31, 2022								
Opening net carrying value	28,912,056	2,680,534	8,479,555	244,723	246,467,719	1,061,667	96,375,410	384,221,664
Additions	1,518,571	1,955,357	1,105,267	-	-	-	169,748,910	174,328,105
Depreciation and amortization (Notes 12 and 13)	(5,220,446)	(1,398,578)	(1,284,556)	(244,723)	-	(260,000)	-	(8,408,303)
Closing net carrying value	25,210,181	3,237,313	8,300,266	-	246,467,719	801,667	266,124,320	550,141,466
At December 31, 2022								
Cost	143,887,270	57,585,297	16,327,849	6,724,054	246,467,719	1,300,000	266,124,320	738,416,509
Accumulated depreciation and amortization	(118,677,089)	(54,347,984)	(8,027,583)	(6,724,054)	-	(498,333)	-	(188,275,043)
Net carrying value	25,210,181	3,237,313	8,300,266	-	246,467,719	801,667	266,124,320	550,141,466

Construction in progress pertains to the building currently constructed in Amvel, Sucat, Paranaque for the future office site of the Companies under the Philstar Group. Expected completion is on third quarter of 2023.

The cost of fully depreciated assets still in use by the Company as at December 31, 2022 amounted to P139,567,434 (2021 - P129,253,128).

Depreciation and amortization for the years ended December 31 are charged to profit or loss as follows:

	Notes	2022	2021
Cost of sales and services	12	6,879,025	8,094,212
Operating expenses	13	1,529,278	3,914,436
		8,408,303	12,008,648

Note 7 - Investment in associates, at cost

Investment in associates, at cost, as at December 31, 2022 and 2021 consist of:

	Equity interest	Cost
Stargate Media Corporation	40%	15,999,800
Philstar Global Corporation	20%	849,999
		16,849,799

Investment in Stargate Media Corporation (Stargate)

Stargate was organized and registered with the Philippine SEC on October 20, 1999. Its primary purpose is to engage in the publishing of journals, magazines, books, newspapers and other literary works and undertakings.

Investment in Philstar Global Corporation (PGC)

PGC was organized and registered with the Philippine SEC on December 19, 2002. Its primary purpose is to engage in any and all business related to the internet including development, licensing, marketing, sales, resale, distribution operations and upgrading and maintenance of computer software.

The condensed financial information of associates as at and for the years ended December 31 are as follows:

	Stargate		PGC	
	2022	2021	2022	2021
Current assets	19,182,105	20,120,978	134,309,348	107,163,007
Non-current assets	1,271,277	1,761,784	6,101,364	6,536,872
Current liabilities	(745,945)	(2,150,005)	(16,394,523)	(16,847,064)
Non-current liabilities	-	-	(3,938,127)	(4,684,347)
Net assets	19,707,437	19,732,757	120,078,062	92,168,468
Revenue	20,837,442	24,923,877	83,700,113	81,601,157
(Loss) profit for the year	(25,322)	5,188,308	26,674,509	23,641,045
Total comprehensive (loss) income for the year	(25,322)	5,188,308	27,909,594	23,667,603

Dividend income received from associates in 2022 amounted to nil (2021 - P1,100,000) (Note 15).

Note 8 - Other non-current assets

Other non-current assets at December 31 consist of:

	2022	2021
Investment properties, net	59,272,180	45,108,439
Advances to employees	8,425,054	23,527,146
Advances to suppliers	4,024,710	-
Financial asset measured at FVOCI	600,000	600,000
Others	600,000	600,000
	72,921,944	69,835,585

Investment properties, net

Movements in investment properties, net for the years ended December 31 are as follows:

	Land	Condominium units	Total
At January 1, 2021			
Cost	31,318,989	22,537,730	53,856,719
Accumulated impairment	-	(5,449,192)	(5,449,192)
Accumulated depreciation	-	(2,729,470)	(2,729,470)
Net carrying value	31,318,989	14,359,068	45,678,057
For the year ended December 31, 2021			
Opening net carrying value	31,318,989	14,359,068	45,678,057
Depreciation (Note 13)	-	(569,618)	(569,618)
Closing net carrying value	31,318,989	13,789,450	45,108,439
At December 31, 2021			
Cost	31,318,989	22,537,730	53,856,719
Accumulated impairment	-	(5,449,192)	(5,449,192)
Accumulated depreciation	-	(3,299,088)	(3,299,088)
Net carrying value	31,318,989	13,789,450	45,108,439
For the year ended December 31, 2022			
Opening net carrying value	31,318,989	13,789,450	45,108,439
Additions	14,862,262	-	14,862,262
Depreciation (Note 13)	-	(698,521)	(698,521)
Closing net carrying value	46,181,251	13,090,929	59,272,180
At December 31, 2022			
Cost	46,181,251	22,537,730	68,718,981
Accumulated impairment	-	(5,449,192)	(5,449,192)
Accumulated depreciation	-	(3,997,609)	(3,997,609)
Net carrying value	46,181,251	13,090,929	59,272,180

Investment properties consist of condominium units and parcels of land located in Quezon City, Batangas and Laguna. As at December 31, 2022 and 2021, Based on the latest report made by an independent assessor, the aggregate fair value of parcels of land amounted to P64,320,000.

Parcels of land are carried at cost as at December 31, 2022 and 2021. Depreciation expense recognized on the investment properties pertaining to condominium units amounted to P698,521 (2021 - P569,618) (Note 13).

Level 2 fair values of investment properties have been derived using the market approach. In market approach, the values of the pieces of land are based on recorded sales and listings (or asking prices) of comparable properties registered within the specified vicinities. The most significant input into these valuations approach are prices per square meter.

Advances to employees

Advances to employees pertain to amounts granted to employees, upon reaching a certain age, number of years in service and approval from the BOD, as advanced payments of their retirement benefits.

Advances to suppliers

Advances to suppliers represent payments made for goods and services which have not been delivered as at December 31, 2022 and 2021.

Financial asset measured at FVOCI

Fair value loss on financial asset measured at FVOCI amounted to P16,456,713 (2021 – P9,865,978), presented in the statement of financial position net of deferred tax (Note 18). There were no movements in the financial asset measured at FVOCI and available-for sale financial assets for the years ended December 31, 2022 and 2021, respectively.

The Company's financial asset measured at FVOCI mainly pertain to proprietary golf club shares and are all denominated in Philippine Peso.

Level 1 fair value of financial asset measured at FVOCI has been derived using quoted market prices.

The following table analyses the financial and non-financial assets' fair value, by valuation method.

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2022			
Short-term investment - mutual funds (Note 5)	59,948,516	-	-
Financial asset measured at FVOCI	600,000	-	-
Investment properties	-	64,320,000	-
	60,548,516	64,320,000	-
December 31, 2021			
Short-term investment - mutual funds (Note 5)	68,736,163	-	-
Financial asset measured at FVOCI	600,000	-	-
Investment properties	-	64,320,000	-
	69,336,163	64,320,000	-

There were no transfers between Level 1 and 2 during the years ended December 31, 2022 and 2021.

Note 9 - Trade and other payables

Trade and other payables at December 31 consist of:

	2022	2021
Trade payables	89,862,545	73,040,350
Deferred output value-added tax (VAT)	30,010,499	32,261,666
Due to employees	2,840,618	2,098,296
Payable to regulatory agencies	3,728,376	2,182,070
	126,442,038	109,582,382

Trade payables are unsecured, non-interest bearing and payable in cash based on terms ranging from 30 to 60 days.

Note 10 - Equity

Share capital

Share capital at December 31, 2022 and 2021 consists of:

	Number of shares	Amount
Authorized at P100 par value per share		
Common	5,920,000	592,000,000
Preferred	80,000	8,000,000
	6,000,000	600,000,000
Issued common shares at P100 par value per share		
Issued and outstanding	3,700,000	370,000,000

Retained earnings

a) Appropriation

The Company has purchased a land where it plans to construct building and equipment for its new facilities under the Company's expansion/modernization program within a ten-year period. Based on the modernization program, significant capital expenditures are expected to happen within the next 3 to 5 years.

In support of the Company's expansion/modernization program, the BOD approved to appropriate retained earnings annually for 10 years starting 2012 amounting to P150,000,000 on November 28, 2012.

For the years ended December 31, 2022 and 2021, management assessed that no additional appropriation is necessary for the modernization program. As at December 31, 2022 and 2021, appropriated retained earnings amounted to P550,000,000.

Note 11 - Revenues, net

The components of revenues for the years ended December 31 are as follows:

	2022	2021
Revenues recognized over time		
Advertising revenue, gross	455,621,482	413,959,046
Less: Commissions and discounts	39,940,683	23,807,695
Advertising revenue, net	415,680,799	390,151,351
Revenue recognized at point in time		
Circulation revenue, gross	250,389,423	229,953,193
Less: Returns and rebates	88,384,704	76,306,015
Circulation revenue, net	162,004,719	153,647,178
	577,685,518	543,798,529

Note 12 - Cost of sales and services

The components of cost of sales and services for the years ended December 31 are as follows:

	Notes	2022	2021
Cost of sales			
Direct materials used	4	136,660,273	110,164,120
Direct labor		171,476,044	175,737,683
Manufacturing overhead:			
Printing charges	17	72,168,899	52,507,787
Depreciation	6	6,879,025	8,094,212
Utilities		4,522,886	4,189,428
		391,707,127	350,693,230
Cost of services			
News service subscription		11,855,567	10,404,638
Production costs		11,641,013	6,284,878
		23,496,580	16,689,516
		415,203,707	367,382,746

Productions costs represent costs incurred in relation to the new media advertising segment which includes airing of television programs and online commercials. These include talent fees of artists and production staff and other costs directly attributable to production of programs.

Note 13 - Operating expenses

The components of operating expenses for the years ended December 31 are as follows:

	Notes	2022	2021
Salaries and wages		60,504,608	61,241,288
Delivery		27,765,031	23,663,869
Communication and transportation		11,488,388	8,394,939
Management fees	17	7,783,613	6,778,969
Gasoline and oil		6,974,536	5,708,945
Taxes and licenses		6,642,039	7,660,065
Provision for impairment of trade receivables	3	6,000,000	6,000,000
Supplies	4	5,073,319	4,759,972
Professional services		4,866,190	4,343,906
Loss from direct write-off of ex-deals	5	3,863,189	5,201,702
Maintenance of property and equipment		3,800,140	6,118,013
Insurance		3,302,092	3,253,709
Depreciation and amortization	6, 8	2,227,799	4,484,054
Utilities		1,938,380	1,795,469
Retirement benefit expense	14	1,820,179	2,132,168
Representation and entertainment		1,674,759	1,592,884
Selling and promotion		1,417,821	1,606,761
Miscellaneous		672,453	1,023,209
		157,814,536	155,759,922

Note 14 - Retirement benefit

The Company recognizes an amount of retirement benefits following the Retirement Plan of the Company. The Plan asset of the Company is administered by a trustee bank governed by local regulations and practices and approved by the BOD of the Company. An independent actuary conducts a periodic actuarial valuation of the defined benefit plan using the projected unit credit method.

Retirement benefit liability (asset) recognized in the statement of financial position at December 31 is determined as follows:

	2022	2021
Present value of funded obligations	102,037,687	116,853,759
Fair value of plan assets	(98,069,242)	(117,205,519)
Impact of asset ceiling	-	16,495
Retirement benefit liability (asset)	3,968,445	(335,265)

The changes in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2022	2021
Beginning of year	116,853,759	136,386,719
Current service cost	5,901,676	6,735,815
Interest cost	5,749,205	5,078,154
Benefits paid from plan assets	(7,401,668)	(17,655,365)
Settlement loss	-	572,016
Remeasurement gain	(19,065,285)	(14,263,580)
End of year	102,037,687	116,853,759

The movements in the fair value of plan assets for the years ended December 31 are as follows:

	2022	2021
Beginning of year	117,205,519	152,852,324
Interest income	5,584,431	5,314,509
Benefits paid from plan assets	(7,401,668)	(17,655,365)
Remeasurement loss	(17,319,040)	(23,305,949)
End of year	98,069,242	117,205,519

The fair value of plan assets as at December 31 consists of:

	2022		2021	
	Amount	%	Amount	%
Cash and cash equivalents	9,807	0.01%	328,175	0.28%
Equity instruments	20,682,803	21.09%	24,577,997	20.97%
Debt instruments - government bonds	69,815,493	71.19%	72,128,276	61.54%
Debt instruments - other bonds	8,855,653	9.03%	2,977,020	2.54%
Unit investment trust funds	980,692	1.00%	17,381,579	14.83%
Others	(2,275,206)	(2.32%)	(187,528)	(0.16%)
	98,069,242	100.00%	117,205,519	100.00%

There are no expected contributions to plan assets for the year ending December 31, 2023.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in government bonds, over which the Company expects best returns within an acceptable level of risk.

Retirement benefit expense recognized in profit or loss for the years ended December 31 consist of:

	2022	2021
Current service cost	5,901,676	6,735,815
Net interest income	164,774	(236,355)
Interest on the effect of asset ceiling	812	35,750
Settlement loss	-	572,016
	6,067,262	7,107,226

Gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled, as determined on the date of settlement; and the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

Retirement benefit expense for the year ended December 31, 2022 charged to cost of sales and services within direct labor and operating expenses amounted to P4,247,083 and P1,820,179 (2021 - P4,975,058 and P2,132,168), respectively (Notes 12 and 13).

Remeasurements on retirement benefits recognized in other comprehensive income (OCI) for the years ended December 31 consist of:

	Note	2022	2021
Experience gain on defined benefit obligation		(4,293,893)	(3,022,721)
Assumption gain on defined benefit obligation		(14,771,392)	(11,240,859)
Remeasurement loss on plan assets		17,319,040	23,305,949
Remeasurement gain - changes in the effect of asset ceiling		(17,307)	(988,097)
Remeasurement (gain) loss		(1,763,552)	8,054,272
Deferred income tax benefit (expense)	18	440,888	(2,013,568)
		(1,322,664)	6,040,704

Remeasurements on retirement benefits recognized in OCI are presented in the statement of total comprehensive income net of 25% deferred tax.

The movements in the remeasurements on retirement benefits recognized in the statement of financial position at December 31 are as follows:

	Note	2022	2021
Beginning of year		(23,957,282)	(17,916,578)
Remeasurement loss (gain) on retirement benefits recognized in OCI		1,763,552	(8,054,272)
Deferred tax adjustment	18	(440,888)	2,013,568
End of year		(22,634,618)	(23,957,282)

The movements in the retirement benefit asset recognized in the statement of financial position at December 31 are as follows:

	2022	2021
Beginning of year	(335,265)	(15,496,763)
Retirement benefit expense recognized in profit or loss	6,067,262	7,107,226
Remeasurement (gain) loss on retirement benefits recognized in OCI	(1,763,552)	8,054,272
End of year	3,968,445	(335,265)

The net movement in retirement benefit asset has been presented as part of operating activities in the statement of cash flows.

The principal actuarial assumptions used at December 31 are as follows:

	2022	2021
Discount rate	7.08%	4.92%
Future salary increases	2.00%	2.00%

Discount rate

The discount rate is determined by reference to yields on long-term Philippine Treasury Bonds and adjusted to reflect the term similar to the estimated term of the benefit obligation as determined by the actuary as at the end of the reporting period as there is no deep market in high quality corporate bonds in the Philippines.

Future salary rate increases

Assumption regarding future salary increase rate takes into account the inflation, seniority, promotion, merit, productivity, and other market factors. The salary increase rate affects all future years and not just the succeeding year. As such, the rate should be sustainable over the long-term.

Demographic assumptions

Assumption regarding future mortality and disability are set based on published statistics and experience in the Philippines. The discount rate assumption is based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for government securities market by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2022			
Discount rate	+/-1%	(6,388,191)	5,728,347
Salary increase rate	+/-1%	6,656,296	(6,054,219)
December 31, 2021			
Discount rate	+/-1%	(8,868,021)	7,857,842
Salary increase rate	+/-1%	9,044,015	(8,144,609)

The sensitivity analyses above are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the retirement benefit obligation recognized within the statement of financial position.

The weighted average duration of the defined benefit obligation as at December 31, 2022 is 5.9 years (2021 - 7.2 years). The average remaining working life of a pensioner retiring at age 60 as at December 31, 2022 is 15.7 years (2021 - 15.5 years).

Expected maturity analysis

The expected maturity analysis of undiscounted retirement benefits as at December 31 is as follows:

	2022	2021
Less than 1 year	10,113,588	7,324,277
Between 1 year to 2 years	15,405,633	24,820,400
Between 2 year to 5 years	43,378,826	31,375,034
Over 5 years	59,130,000	65,305,513
	128,028,047	128,825,224

Note 15 - Other income, net

The components of other income, net for the years ended December 31 are as follows:

	Notes	2022	2021
Foreign exchange gain, net	19	5,003,650	6,571,431
Interest income	2	2,428,939	719,871
Gain on sale of transportation equipment		-	1,485,000
Dividend income	7	-	1,100,000
Miscellaneous expenses		(184,089)	(235,916)
		7,248,500	9,640,386

Miscellaneous expenses mainly consist of expenses incurred for corporate events.

Note 16 - Commitments

The Company has a cancellable operating lease agreement for the use of its printing warehouse for a period ranging from 5 to 20 years until 2023, renewable upon mutual agreements by the parties.

Note 17 - Related party transactions

The Company, in the ordinary course of business, has transactions with its related parties as follows:

Transactions for the years ended December 31:

	Terms and conditions	2022	2021
(A) Printing charges (Note 12) *Entity under common control*	The Company engaged the printing services of its related party. Printing charges are based on the number and type of copies printed as mutually agreed by the parties.	72,168,899	52,507,787
(B) Expenses paid by a related party *Entity under common control*	The related party paid for certain operating expenses such as utilities and rent, on behalf of the Company. These charges are included as part of related accounts in cost of sales and services (Note 12) and operating expenses (Note 13). Allocated cost billed to Company are based on invoice amount with no mark-up.	92,421,420	7,536,922
(C) Expenses paid on behalf of related parties *Entities under common control*	The Company paid for certain operating expenses, mainly gasoline and oil, on behalf of its related parties. These are billed to related parties based on invoice amount with no mark-up.	16,307,671	1,299,616

	Terms and conditions	2022	2021
(D) Collection on behalf of its related party *Entity under common control*	The Company collected proceeds from certain scrap sales and advertisements, on behalf of its related party. These are remitted to its related party based on actual collection.	143,590	155,516
(E) Management fees *Intermediate Parent Company*	Management fee is being charged to the Company by its intermediate parent company which is based on a fixed monthly service fee mutually agreed by the parties. These are presented as part of operating expenses (Note 13).	7,783,613	6,778,969
(F) Sale of ex-deals *Entity under common control*	The Company sold ex-deal including gift certificates (GC), based on recoverable value of GCs with no mark-up, which are being used for promotional activities to its related party. These transactions have no impact to the Company's profit or loss.	901,480	659,488
(G) Dividend income (Note 15) *Associate*	The Company received cash dividends from its associates. Refer to Note 7 for details.	-	1,100,000
(H) Advertising placement with a related party *Entity under common control*	The Company placed an advertising with a related party's website as part of their advertising bundle with their third party customers.	24,780,577	11,772,971

Net balances at December 31:

	Terms and conditions	Reference	2022	2021
Due from related parties (Note 3) *Entities under common control*	Amounts are collectible in the form of cash on a gross basis. These are unsecured, non-interest bearing and due and demandable but not later than 12 months from reporting period.	C, F	17,209,151	1,628,659
Due to related parties *Entities under common control*	Amounts are payable in cash on a gross basis. These are unsecured, non-interest bearing, due and payable but not later than 12 months from reporting period.	A, B, D, E, H	197,298,099	124,156,661

No provision for impairment has been recognized against due from related parties for the years ended December 31, 2022 and 2021.

There are no collaterals held or guarantees issued with respect to related party transactions and balances.

Key management compensation

Key management compensation for the years ended December 31 consists of:

	Terms and conditions	2022	2021
Salaries and wages	Key management compensation covering salaries, wages and other short-term benefits are determined based on contract of employment and payable in accordance with the Company's payroll period. These were fully paid as at reporting period, except for retirement benefits which will be settled upon retirement of key officers.	4,800,000	17,679,427
Retirement benefit expense		502,485	2,997,783
		5,302,485	20,677,210

The Company has not provided share-based payment, termination benefits and other long-term employee benefits, except for retirement benefits, to its key management personnel for the years ended December 31, 2022 and 2021.

Note 18 - Income tax

Deferred income tax assets (DIT), net at December 31 represent the tax effect of the following temporary differences:

	Notes	2022	2021
To be realized (settled) realized within 12 months			
Allowance for impairment of trade receivables	3	44,201,292	42,701,292
Allowance for impairment of ex-deal inventory	5	2,048,149	2,048,149
Unrealized foreign exchange loss	19	(1,173,187)	(1,626,711)
To be realized (settled) after 12 months			
Unamortized past service cost	14	16,059,769	19,805,909
Net operating loss carry-over (NOLCO)		8,440,530	11,502,237
Minimum Corporate Income Tax (MCIT)		6,453,404	4,762,248
Fair value reserve on financial asset at FVOCI		4,841,885	2,644,973
Allowance for impairment of investment property	8	1,362,299	1,362,299
Fair value reserve on available-for-sale assets	8	825,000	825,000
Retirement benefit liability (asset)	14	992,112	(83,816)
		84,051,253	83,941,580

Movements in DIT assets for the years ended December 31 are as follows:

	Notes	2022	2021
Beginning of the year		83,941,580	103,270,682
Charged to profit or loss		(1,646,351)	(22,092,930)
Credited to OCI			
Financial asset measured through OCI	5	2,196,912	750,260
Retirement benefit obligation	14	(440,888)	2,013,568
		84,051,253	83,941,580

Realization of future tax benefit related to DIT assets is dependent on the Company's ability to generate future taxable income during the periods in which these are expected to be recovered. The Company has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2022 and 2021 and regularly reviews the recoverability of the DIT assets recognized.

The components of income tax expense as shown in profit or loss for the years ended December 31 are as follows:

	2022	2021
Current	1,691,155	1,733,082
Deferred	1,646,351	22,092,930
	3,337,506	23,826,012

Under the Tax Reform Act of 1997 (the "Act"), the Company shall pay the Minimum Corporate Income Tax (MCIT) or the normal income tax, whichever is higher. Following the enactment of the CREATE law, from July 1, 2020 to June 30, 2023, the MCIT is 1% (from January 1 to June 30, 2020 and July 1, 2023 onwards the MCIT is 2%) of gross income as defined under the Act. Any excess of the MCIT over the normal income tax shall be carried forward annually and credited against the normal income tax for the next three succeeding taxable years.

Year of incurrence	Year of expiration	2022	2021
2020	2023	3,029,166	3,029,166
2021	2024	1,733,082	1,733,082
2022	2025	1,691,156	-
		6,453,404	4,762,248

The Company's NOLCO, which can be carried forward as a deduction from taxable income for the five succeeding taxable years, following the enactment of the Bayanihan to Recover as One Act last September 11, 2020, is as follows:

Year of incurrence	Year of expiration	2022	2021
2020	2025	66,881,590	66,881,590
Applied – 2021		(20,872,641)	(20,872,641)
2022		(12,246,831)	-
		33,762,118	46,008,949

The reconciliation of income tax computed at the statutory income tax rate to income tax expense as shown in the statement of total comprehensive income for the years ended December 31 are as follows:

	2022	2021
Income tax at statutory tax rate of 25%	2,978,944	7,574,061
Adjustments in income tax arising from:		
Nondeductible expense	965,797	-
Interest income subject to final tax	(607,235)	(179,968)
Dividend income subject to final tax	-	(275,000)
Effect of change in tax rate	-	16,706,919
Income tax expense	3,337,506	23,826,012

Note 19 - Foreign currency denominated monetary assets

The Company's U.S. Dollar denominated monetary assets at December 31 are as follows:

	2022	2021
Foreign currency denominated financial assets	1,134,972	2,372,619
Closing rate of U.S. Dollar to Philippine Peso	55.76	51.00
Philippine Peso equivalent	63,286,039	121,003,569

The closing rate used by the Company approximates the closing rate prescribed by the Bangko Sentral ng Pilipinas.

Foreign exchange gain, net for the year ended December 31, 2022 amounted to P5,003,650 (2021 - P6,571,431) (Note 15), of which foreign exchange gain of P4,692,749 (2021 - P6,506,844) represents unrealized portion.

Note 20 - Contingencies

In the normal course of business, the Company has contingencies, including those that may arise from assessments, suits and claims under litigation that are presently being contested. In the opinion of management, based on advice of legal counsels, the ultimate disposition of these contingencies will not have any significant effects on the financial position, results of operations and cash flows of the Company as at and for the years ended December 31, 2022 and 2021.

Note 21 - Critical accounting estimates, assumptions and judgments

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

21.1 Critical accounting estimates and assumptions

Useful lives of property and equipment and investment properties (Notes 6 and 8)

The Company's management determines the estimated useful lives of its property and equipment and investment properties based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives based on factors that include asset utilization, internal technical evaluation, technological changes, regulatory requirements, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

Principal assumptions and estimation of retirement benefit asset / obligation (Note 14)

The determination of the obligation, and cost for retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. These assumptions include, among others, discount rate and rate of salary increase. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 14.

21.2 Critical accounting judgments in applying the Company's accounting policies

Impairment of trade receivables (Note 3)

Provision for impairment of receivables is maintained at a level considered adequate to provide for potentially uncollectible receivables. This assessment requires judgment regarding the ability of the debtors to pay the amounts owed to the Company, mainly based on past collection experience and other factors that may affect collectability. Any change in the Company's assessment of the collectability of receivables could significantly impact the calculation of such provision and results of its financial performance.

Management believes that the carrying amount of trade receivables as at December 31, 2022 and 2021 is recoverable.

Provision for inventory obsolescence (Note 4)

Provision for inventory obsolescence is maintained at a level considered adequate to provide for potential loss on inventory items. The level of allowance is based on past experience and other factors affecting the obsolescence of inventory items. An evaluation of inventories, designed to identify potential charges to allowance, is performed on a continuous basis throughout the year. Management uses judgment based on the best available facts and circumstances, including but not limited to evaluation of individual inventory items' future utilization. While it is believed that the Company's judgments and estimates are reasonable and appropriate, the amount and timing of recorded provision for inventory obsolescence and carrying value of inventories for any period could be materially affected by judgments or estimates made.

Management believes that there are no events or changes in circumstances that indicate that the carrying amount of inventories may not be recoverable at reporting date.

Impairment of non-financial assets (Notes 5, 6, 7 and 8)

The Company's non-financial assets, such as property and equipment, investments in associates, investment properties, and ex-deal inventory are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss is recognized whenever evidence exists that the carrying value is not recoverable.

Changes in those assessment and judgment could have a significant effect on the carrying value of the non-financial assets of the Company and the amount and timing of recorded provision for any period.

As at December 31, 2022 impairment loss for directly written-off non-financial assets amounted to P3,863,189 (2021 - P5,201,702) (Note 5 and 13).

Realizability of deferred income taxes (Note 18)

The Company recognizes DIT assets to the extent that it is probable that future taxable income will be available against which temporary differences can be utilized. Determining the realizability of DIT assets requires the assessment of available taxable profit to be generated from the operations against which the DIT assets can be applied.

As at December 31, 2022, the Company recognized DIT assets amounting to P85,017,050 (2021 - P83,941,580) as management believes that sufficient taxable profit will be generated to allow for the benefits of these DIT assets to be utilized in the future.

Provision for contingencies (Note 20)

In accordance with PAS 37, Provisions, Contingent Liabilities and Contingent Assets, the Company determines whether to provide for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable. Management's assessment is developed in consultation with the Company's outside counsels and advisors and is based on an analysis of possible outcomes under various circumstances. Contingency assumptions involve judgments that are inherently subjective and can involve matters that are in litigation, which by its nature is unpredictable. Management believes that its assessment of the probability of contingencies is reasonable, but because of the subjectivity involved and the unpredictable nature of the subject matter at issue, management's assessment may prove ultimately to be incorrect, which could materially impact the financial statements in current or future periods.

Note 22 - Financial risk and capital management

22.1 Financial risk management

The Company's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management is carried out by management under the direction of the BOD. Management identifies and evaluates financial risks in close cooperation with the Company's department heads. The BOD reviews and approves policies and procedures covering specific financial risk areas. These policies and procedures enable the Company's management to make strategic and informed decisions with regard to the operations of the Company.

The most important types of risk the Company manages are credit risk, market risk and liquidity risk. Market risk includes foreign exchange, interest and price risks. The Company has no significant financial assets and liabilities that are exposed to interest and price risks.

22.2 Components of financial assets and liabilities

Details of the Company's financial assets at December 31 are as follows:

	Notes	2022	2021
At amortized cost			
Cash and cash equivalents	2	259,267,086	341,185,022
Trade and other receivables	3	501,859,956	497,718,543
Due from related parties	3	17,209,151	1,628,659
Other receivables	3	1,972,879	2,163,218
		780,309,072	842,695,442
At fair value through other comprehensive income			
Short-term investments - mutual funds	5	59,948,516	68,736,163
Financial asset measured at FVOCI	8	600,000	600,000
		60,548,516	69,336,163
		840,857,588	912,031,605

Trade and other receivables are presented in the table above are gross of provisions for impairment and exclude advances to employees, which are subject to liquidation, amounting to P176,805,169 and P32,606,750 (2021 - P170,805,169 and P35,886,955), respectively.

Other current and non-current assets as at December 31, 2022 amounting to P78,849,921 and P72,321,944 (2021 - P78,670,550 and P69,235,585), respectively, mainly pertain to prepaid taxes, value-added tax, ex-deal assets, advances to suppliers, investment properties and advances to employees are considered non-financial assets (Notes 5 and 8).

Details of the Company's financial liabilities at December 31 are as follows:

	Notes	2022	2021
Trade payables	9	89,862,545	73,040,350
Due to related parties	17	197,298,099	124,156,661
		287,160,644	197,197,011

Trade payables at December 31, 2022 exclude deferred output VAT and payable to regulatory agencies amounting to P47,489,461 and P13,750,586 (2021 - P32,261,666 and P2,182,070), respectively. It also excludes due to employees amounting to P2,840,618 as at December 31, 2022 (2021 - P2,098,296).

22.3 Credit risk

Credit risk is defined as possible losses due to default of counterparties. Credit risk is monitored and actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and throughout the entire life of the transactions, and also by way of defining credit limits.

The Company has the following financial assets as at December 31, 2022 and 2021 where the expected credit loss model has been applied:

	Gross carrying amount	Allowance provided	Net carrying amount	Internal credit rating	Basis for recognition of ECL
As at December 31, 2022					
Cash and cash equivalents	258,155,452	-	258,155,452	Performing	12- month expected credit loss
Trade receivables					
Group 2	325,054,787	-	325,054,787	Performing	Lifetime ECL - simplified
Group 3	176,805,169	(176,805,169)	-	Credit-impaired	Full provision
Due from related parties	17,209,151	-	17,209,151	Performing	Lifetime ECL - simplified
Other receivables	1,972,879	-	1,972,879	Performing	Lifetime ECL - simplified
Total	779,197,438	(176,805,169)	602,392,269		
As at December 31, 2021					
Cash and cash equivalents	340,648,473	-	340,648,473	Performing	12- month expected credit loss
Trade receivables					
Group 2	326,913,374	-	326,913,374	Performing	Lifetime ECL - simplified
Group 3	170,805,169	(170,805,169)	-	Credit-impaired	Full provision
Due from related parties	1,628,659	-	1,628,659	Performing	Lifetime ECL - simplified
Other receivables	2,163,218	-	2,163,218	Performing	Lifetime ECL - simplified
Total	842,158,893	(170,805,169)	671,353,724		

Cash and cash equivalents

To minimize credit risk exposure from cash in banks, the Company maintains cash deposits in reputable banks. The Company assesses that cash in banks have low credit risk considering the bank's external credit ratings.

The remaining balance of cash as at December 31, 2022 amounting to P1,111,634 (2021 - P536,549) represents cash on hand, which is not exposed to credit risk.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit quality of trade and other receivables are further classified and assessed by reference to historical information about each counterparty's historical default rates.

Group 1 - Customer balances without history of default and assessed to be fully recoverable.
Group 2 - Customers with some defaults in the past. All defaults were fully recovered.
Group 3 - Individual assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts.

Due from related parties

The Company has outstanding receivables from related parties, mainly arising from sales of ex-deals to related parties and payment of certain operating expenses made on behalf of related parties. These are collectible on demand and therefore, expected credit losses are based on the assumption that repayment of balances outstanding is demanded at the reporting date.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of related parties, Company has assessed that the outstanding balances are exposed low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

Short-term investments

Short-term investments pertain to time deposits with maturity date of less than one year from the reporting period. To minimize credit risk exposure from short-term investments, the Company maintains these investments in reputable banks. The Company assesses that short-term investments have low credit risk considering the bank's external credit ratings.

22.4 Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk primarily with respect to its cash deposits maintained in U.S. Dollar. The Company's financial position and results of operations are affected by the movement in the U.S. Dollar to Philippine Peso exchange rate. Foreign exchange risk arises when recognized assets denominated in a currency that is not the entity's functional currency. The Company's foreign currency denominated monetary assets are shown in Note 19.

The following table demonstrates the sensitivity to possible changes in U.S. Dollar currency rate against the Philippine Peso with all variables held constant, of the Company's post-tax profit as at December 31:

	2022	2021
U.S. Dollar strengthened/weakened	+/-2.01%	+/- 0.45%
Effect on post-tax and equity	361,918	409,277

The sensitivity rates used represent the rates of change between the foreign currency at December 31, 2022 and 2021 and the use of foreign currency exchange rates determined 30 days from the reporting period, by which management is expected to receive the Company's financial assets. Based on management's assessment, foreign exchange risk arising from its foreign denominated accounts is not considered significant.

22.5 Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to meet the Company's operational commitment and finance its operation and working capital requirements.

All of the Company's financial liabilities based on undiscounted cash flows are due and expected to be paid within 12 months after reporting period, which is the earlier of the contractual maturity date or the settlement date.

Prudent liquidity risk management implies maintaining sufficient cash, timely collection of receivables and availability of funding through an adequate amount of facilities. The Company aims to maintain flexibility in funding by keeping track of its cash collections. The Company may also obtain funding from its Parent Company, other related parties, as well from third-party banking institutions, as necessary, to finance its operations and working capital requirements.

22.6 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to provide benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders and obtain borrowings from banks or related parties.

The capital that the Company manages is the total equity (excluding reserve for remeasurement on retirement benefit obligation and fair value reserve on other comprehensive income) as shown in the statement of financial position.

The Company is not subject to any externally imposed capital requirements.

Note 23 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

23.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These financial statements have been prepared under the historical cost convention, except for the following:

- Financial assets measured at fair value through other comprehensive income
- Retirement benefit asset measured net of fair value of plan assets and benefit obligation

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 21.

Changes in accounting policies and disclosures

New and amended standards adopted by the Company

The Company has applied the following amendment for the first time for the financial year beginning January 1, 2022:

- Reference to the Conceptual Framework – Amendments to PFRS 3

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

At the same time, the amendments clarified the existing guidance in PFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

- PFRS 9 Financial Instruments – Fees in 10% Test for Derecognition of Financial Liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

New standards, amendments and interpretations not yet adopted

- PAS 1: Classification of Liabilities as Current or Non-current

Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- the definition of right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company does not expect the amendment to have a significant impact to the Company's financial statements.

- PAS 1 and PFRS Practice Statement 2: Making Materiality Judgments - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

- PAS 8: Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2021 that are expected to have a material impact on the Company's financial statements.

- Amendments to PFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

New standards, amendments and interpretations not yet adopted

A number of new standards, amendments, and interpretations to existing standards are effective for annual periods after January 1, 2022 and have not been early adopted nor applied by the Company in preparing these financial statements. None of these standards are expected to have significant effect in the financial statements of the Company.

23.2 Financial assets

Classification and presentation

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company's financial assets under (a) category through OCI includes short-term investments - mutual funds (Note 5) and financial asset measured at FVOCI (Note 8). The Company's financial assets under (b) category includes cash and cash equivalents (Note 2), trade receivables (Note 3), due from related parties (Note 17), short-term investments - time deposits (Note 5), and long-term investments (Note 8).

Recognition and measurement

The Company recognizes a financial asset in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Loss allowances of the Company are measured on either of the following bases:

- 12-month expected credit losses (ECLs): these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables arising from contract with third parties and related parties. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on non-trade receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

Interest income

Interest income on bank deposits, which is presented net of final taxes paid or withheld, is recognized on a time-proportion basis using the effective interest method.

Other income

All other income is recognized when earned or when the right to receive payment is established.

23.3 Financial liabilities

Classification and presentation

The Company's financial liabilities are classified at (a) amortized cost and (b) fair value through profit or loss. Financial liabilities under category (b) comprises of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold any financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Company's financial liabilities at amortized cost are contractual obligations which are either to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company. They are included in current liabilities, except for maturities greater than 12 months after reporting date which are classified as non-current liabilities.

The Company's financial liabilities at amortized cost consist of accounts payable and other current liabilities (excluding payable to other government agencies) and due to related parties.

Initial recognition and measurement

The Company recognizes a financial liability in the statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortized costs are initially recognized at fair value plus transaction costs.

Subsequent measurement

Financial liabilities not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within profit or loss.

Derecognition

Financial liabilities are derecognized when it is extinguished, that is, when the obligation specified in a contract is settled, discharged or cancelled, or when the obligation expires.

23.4 Determination of fair value

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 of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Company has short term investment in mutual funds as financial assets carried at fair value as at December 31, 2022 and 2021. The Company has no financial liabilities carried at fair value as at December 31, 2022 and 2021.

Non-financial assets

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The Company has no non-financial assets and liabilities carried at fair value during and at the end of each reporting period.

23.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. There are no legally enforceable offsetting arrangements during and at the end of each reporting date.

23.6 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and earn interest at the prevailing bank deposit rates. Cash and cash equivalents are recognized at face value or nominal amount.

23.7 Trade receivables

Trade receivables are amounts due from customers for newspapers sold or 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 if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables with average credit term of 15 to 60 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Refer to Note 23.2 for the detailed policy on trade receivables' classification, recognition and measurement, derecognition and impairment.

23.8 Short-term investments

Short-term investments are investment to mutual funds that are being used to purchase equity instruments. Refer to Note 23.2 for the detailed policy on short-term investment's classification, recognition and measurement, derecognition and impairment.

23.9 Inventories

Inventories are stated at the lower of actual cost and net realizable value (NRV). Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories shall comprise of all costs of purchase and other costs incurred in bringing the inventories to their present location. Cost is further reduced by any provision for inventory losses and obsolescence. NRV is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provision for inventory losses is established for slow-moving, obsolete, defective and damaged inventories based on physical inspection and management's evaluation. Inventories and its related provision for impairment are written-off when the Company has determined that the related inventory is already obsolete and damaged. Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories.

Reversals of previously recorded impairment provisions are credited in profit or loss within cost of sales services based on the result of management's update assessment, considering available facts and circumstances, including but not limited to NRV at the time of disposal.

Inventories are derecognized when sold, written-off or otherwise disposed of.

23.10 Other current assets

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Creditable withholding taxes are recognized as assets to the extent that it is probable that the benefit will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against related liability with the period prescribed by the relevant tax laws.

Input VAT represent taxes imposed on the Company for the acquisition of goods and services. These are stated at face value less any provision for impairment and are utilized when there is a legally enforceable right to offset the recognized amounts against output VAT obligations and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Input VAT are included in current assets, except when utilization and claims against output VAT are expected to be more than twelve (12) months after the reporting date, in which these are classified as non-current assets.

Ex-deals are recorded at NRV. NRV is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

23.11 Property and equipment

Property and equipment is recognized at historical cost during initial recognition. Historical cost includes expenditures that are directly attributable to the acquisition of the items including the cost of bringing the asset to its working condition and location for its intended use. Following initial recognition at cost, all property and equipment are recorded at cost less accumulated depreciation, amortization and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

Depreciation and amortization are calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives, as follows:

Tools equipment	2 to 10 years
Transportation equipment	2 to 10 years
Office furniture, fixtures and equipment	2 to 7 years
Billboard	3 to 5 years
Software	3 to 5 years

Construction in Progress (CIP) represents fixed assets under construction or undergoing commissioning or major rehabilitation. CIP is not depreciated until such time that the relevant assets are completed, commissioned and ready for operational use.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Fully depreciated assets are retained in the property and equipment accounts until these are retired. The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its disposal, at which time the cost and their related accumulated depreciation and amortization are removed from the accounts. 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 (Note 23.14).

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss.

23.12 Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity method of accounting except when: (a) the investor is a wholly-owned or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to the investor not applying the equity method; (b) investor's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); (c) the investor did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization, for the purpose of issuing any class of instruments in a public market; and (d) its ultimate or any intermediate parent of the investor produces consolidated financial statements available for public use that comply with PFRS, then it is accounted for using the cost method.

The Company met the criteria above and opted to use the cost method in accounting for its investment in associates. Under this method, investments are recognized at cost and income from investment is recognized in profit or loss only to the extent that the Company (as investor) receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

The Company determines at each reporting period whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and allowance is set up for any substantial or permanent decline in the carrying value of an investment in associates.

Investment in associates is derecognized when the Company ceased to have control or shareholdings over the entities or when the risks and rewards of ownership have been transferred or extinguished.

23.13 Investment properties

Investment properties, comprising land and condominium units, are held for capital appreciation and are not occupied by the Company. Investment properties are carried at cost less accumulated depreciation and any impairment, except for land, which is shown at cost less any impairment. Cost is the fair value of the initial consideration given to acquire the property, including transaction costs such as legal fees and taxes on the purchase of the property. Valuations are performed with sufficient regularity, at least once every 3 to 5 years, enough to ensure that the fair value of investment properties do not differ significantly from its carrying value. Investment property is derecognized in the statement of financial position upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or losses arising from the retirement of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the investment property and shall be recognized in profit or loss in the period of the retirement or disposal. Investment property is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount
(Note 23.14).

23.14 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as land, are not subject to depreciation and are tested annually for impairment. Other non-financial assets, mainly property and equipment which are subject to depreciation, investment property and investment in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in profit or loss.

Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

23.15 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DIT is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related DIT asset is realized or the DIT liability is settled.

DIT assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The Company reassesses at each reporting period the need to recognize a previously unrecognized DIT asset, if any.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the DIT liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIT assets and liabilities are derecognized when the related temporary differences are realized or settled.

23.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Refer further to Note 23.3 for payables classified as financial liabilities.

Deferred output VAT represents the VAT portion of the uncollected invoices. These are derecognized when applied against VAT due upon collection of the related invoices.

23.17 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense in profit or loss.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed, extinguished or derecognized.

23.18 Share capital

Common and preferred shares are classified as equity. Preferred shares that are not redeemable or are redeemable at the option of the Company and where payment of dividends is discretionary are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

23.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's BOD.

23.20 Revenue recognition

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a product or service to a customer

The following is a description of principal activities from which the Company generates its revenue.

Advertising revenue

The Company provides advertising services which represents the performance obligation to publish the advertisements of its customer in its various media platforms. These are entered under fixed-price contracts, revenue from which are recognized over time as the advertisements are published. Contract price includes is reduced for related amounts of commission. Commissions are recognized at a rate agreed with the advertising agencies.

Barter transactions, if any, representing advertisements exchanged for merchandise or services, are carried at fair value of the consideration received and are included in advertising revenue in profit or loss. The related merchandise or service vouchers are treated as investment properties (if received merchandise is in the form of property) or other assets and derecognized when utilized or otherwise sold or disposed. These assets are classified as current except when the expected benefit from such would be recovered after more than 12 months from the reporting period.

Circulation revenue

Circulation revenue is recognized at a point in time, when the newspapers and other printed materials have been delivered to customers, newspaper subscribers and distributors. Such revenue is reduced for related amounts of rebates, returns and discounts for prompt payment.

23.21 Costs and expenses

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

23.22 Employee benefits

Short-term benefits

Provision is made for benefits accruing to employees in respect of vacation leave and sick leave benefits when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months from reporting period, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting period.

Retirement benefits

The Company has a formal non-contributory retirement plan for the benefit of its qualified employees. Under the Company's Retirement Plan, an employee with the age of 60 years and with at least 5 years of service will receive a sum equivalent to 100% of his monthly salaries for every year of service.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service or compensation. The liability recognized in the statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period net of fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government 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 retirement obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

23.23 Leases (where the Company is the lessee)

(i) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(iii) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

23.24 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities which are under control with the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

23.25 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). These financial statements are prepared in Philippine Peso, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

23.26 Subsequent events (or events after the reporting date)

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

Note 24 - Supplementary information required by the Bureau of Internal Revenue (BIR)

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Below is the additional information required by RR No. 15-2010:

(i) Output VAT

Output VAT declared for the year ended December 31, 2022 and the gross revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT declared
Subject to 12% VAT	354,780,023	42,573,603
Sale to government	67,120,987	8,054,518
Exempt	253,073,964	-
Zero rated	6,087,276	-

The gross revenues shown above are based on gross receipts of the Company for advertising revenue and gross invoice for circulation for VAT purposes while gross revenues amounting to P706,010,905 presented in the statement of total comprehensive income are measured in accordance with the policy in Note 23.20. VAT payable is presented as part of payable to regulatory agencies in Note 9.

Circulation income is considered as VAT-exempt under RR No. 16 - 2005.

(ii) Input VAT

Movement in input VAT for the year ended December 31, 2022 is as follows:

Beginning of the year	17,841,186
Current year's domestic purchases:	
Purchases of Capital Goods exceeding 1 million	29,941,201
Domestic purchases of goods other than capital goods	18,910,860
Domestic purchase of services	10,969,346
Less deductions from input VAT:	
Input Tax on Purchases of Capital Goods exceeding 1million	(26,708,236)
Input tax on sale to government closed to expense	(18,910,860)
Input tax allocated to exempt sales	(10,969,346)
Application against output VAT	(56,588,442)
End of the year	21,074,151

(iii) Importations

The Company has no importations for the year ended December 31, 2022, hence no tariffs and custom duties paid.

(iv) Excise taxes

The Company is not engaged in the manufacture or production of certain specified goods or articles subject to excise tax for domestic sale or consumption or for any other disposition.

(v) Documentary stamp taxes

The Company did not pay for any documentary stamp taxes related for the year ended December 31, 2022.

(vi) Other taxes and licenses

All other local and national taxes paid for the year ended December 31, 2022 consists of:

Business permit	5,836,308
Others	805,731
	6,642,039

The above local and national taxes are presented within taxes and license as part of operating expenses in profit or loss (Note 13).

(vii) Withholding taxes

Withholding taxes accrued and paid as at and for the year ended December 31, 2022 consists of:

	Paid	Accrued	Total
Withholding tax on compensation	10,897,574	175,339	11,072,913
Expanded withholding tax	12,832,196	1,590,609	14,422,805
	23,729,770	1,765,948	25,495,718

Accrued withholding taxes are presented within payable to regulatory agencies under trade and other payables in the statement of financial position (Note 9).

(viii) Tax assessments

The Company did not receive any notice of final assessment as at and for the year ended December 31, 2022.

(ix) Tax cases

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at and for the year ended December 31, 2022.

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