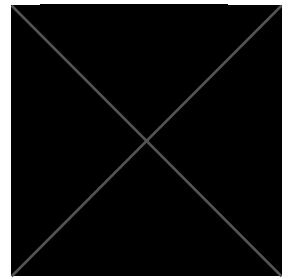




SECURITIES AND EXCHANGE COMMISSION

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

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Company Name: HASTINGS HOLDINGS, INC.

Industry Classification: J66940

Company Type: Stock Corporation

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Document Code: FS

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Remarks: None

Acceptance of this document is subject to review of forms and contents

March 10, 2023

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **HASTINGS HOLDINGS, 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 or error.

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

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

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

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.



Ray C. Espinosa

Chairman of the Board



**Jaime Miguel G.
Belmonte**




Chief Executive Officer



Carlos R. Dizon

Chief Financial Officer





SUBSCRIBED AND SWORN to before me this APR 18 2023 day of 2023 affiants exhibiting to me their Passports, as follows:
MANDALUYONG CITY

Name	Passport No.	Date of Expiry	Place of Issue
Ray C. Espinosa		August 11, 2031	DFA, Manila
Jaime Miguel G. Belmonte		January 10, 2028	DFA, NCR East
Carlos R. Dizon		April 1, 2029	DFA, NCR Northeast

Doc. No. 064 :
Page No. 14 :
Book No. V :
Series of 2023.

Notary Public

ATTY. PAOLO ANGELO D. GO

PTR No.  issued on January 5, 2023
Mandaluyong City, Metro Manila
Roll of Attorney's No. 
IBP No.  issued on January 10, 2023
Baguio-Benguet Chapter
Commission No.  Until December 31, 2024



Independent Auditor's Report

To the Board of Directors and Shareholders of
Hastings Holdings, Inc.
(A wholly-owned subsidiary of MediaQuest Holdings, Inc.)
3rd Floor, Launchpad Building
Sheridan corner Reliance Street
Highway Hills, Mandaluyong City

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 Hastings Holdings, 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.

APR 14 2023



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SIGNATURE NOT REQUIRED



Independent Auditor's Report
To the Board of Directors and Shareholders of
Hastings Holdings, Inc.
Page 2

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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Hastings Holdings, Inc.
Page 3

- 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 Bureau of Internal Revenue Requirements

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 11 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 Signature]

Aira Regina S. Arboleda
Partner

CPA Cert. No. [Redacted]

P.T.R. No. [Redacted] issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditor [Redacted] SEC, Category A,
valid to audit 2022 to 2026 financial statements

SEC A.N. (firm) as general auditor [Redacted] SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN [Redacted]

BIR A.N. [Redacted] issued on January 30, 2023; effective until January 29, 2026

BOA/PRC Reg. No. [Redacted] effective until November 14, 2025

Makati City
March 14, 2023



Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Shareholders of
Hastings Holdings, Inc.
(A wholly-owned subsidiary of MediaQuest Holdings, Inc.)
3rd Floor, Launchpad Building
Sheridan corner Reliance Street
Highway Hills, Mandaluyong City

None of the partners of the firm have any financial interest in Hastings Holdings, Inc. or any family relationships with its officers or principal shareholder.

The supplementary information on taxes and licenses for the year ended December 31, 2022 is presented in Note 11 to the financial statements.

Isla Lipana & Co.



Aira Regina S. Arboleda
Partner

CPA Cert. No. [REDACTED]

P.T.R. No. [REDACTED] issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors [REDACTED] SEC, Category A,
valid to audit 2022 to 2026 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN [REDACTED]

BIR A.N. [REDACTED] issued on January 30, 2023; effective until January 29, 2026

BOA/PRC Reg. No. [REDACTED] effective until November 14, 2025

Makati City
March 14, 2023



APR 14 2023



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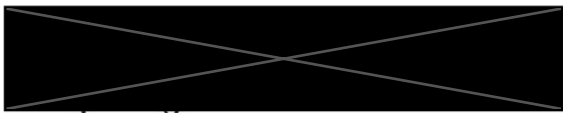
Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Hastings Holdings, Inc.
(A wholly-owned subsidiary of MediaQuest Holdings, Inc.)
3rd Floor, Launchpad Building
Sheridan corner Reliance Street
Highway Hills, Mandaluyong City

We have audited the financial statements of Hastings Holdings, Inc. (the "Company"), as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 14, 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 one (1) shareholder owning one hundred (100) or more shares.

Isla Lipana & Co.



Aira Regina S. Arboleda
Partner

CPA Cert. No. [Redacted]

P.T.R. No. [Redacted] issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors [Redacted]-SEC, Category A,
valid to audit 2022 to 2026 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] issued on January 30, 2023; effective until January 29, 2026

BOA/PRC Reg. No. [Redacted] effective until November 14, 2025

Makati City
March 14, 2023

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Hastings Holdings, Inc.
(A wholly-owned subsidiary of MediaQuest Holdings, Inc.)

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

	Notes	2022	2021
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	2,8	101,175,839	599,545,021
Notes receivable, current portion	3	50,000,000	-
Due from a related party	7,8	12,125,000	12,125,000
Interest receivable	2,3	9,276,932	319,659
Total current assets		172,577,771	611,989,680
Non-current asset			
Notes receivable, net of current portion	3	450,000,000	-
Investments in subsidiaries, net	4	1,259,507,653	1,334,354,536
Total non-current assets		1,709,507,653	1,334,354,536
Total assets		1,882,085,424	1,946,344,216
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accrued expenses	8	284,195	84,000
Income tax payable	6	519,662	-
Total liabilities		803,857	84,000
Equity			
Share capital, net of subscription receivable	5	120,000	120,000
Share premium, net of subscription receivable	5	1,872,288,219	1,872,288,219
Retained earnings	5	8,873,348	73,851,997
Total equity		1,881,281,567	1,946,260,216
Total liabilities and equity		1,882,085,424	1,946,344,216

The notes on pages 1 to 17 are integral part of these financial statements.

APR 14 2023



Hastings Holdings, Inc.
(A wholly-owned subsidiary of MediaQuest Holdings, Inc.)

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

	Notes	2022	2021
Income			
Interest income from:			
Notes receivable	3	10,373,288	-
Bank deposits	2	1,902,727	2,292,258
		12,276,015	2,292,258
Dividend	4,7	-	3,575,000
		12,276,015	5,867,258
Expenses			
Provision for impairment of investments	4	74,846,883	-
Professional fees		200,000	-
Legal and professional fees		93,100	92,750
Taxes and licenses		38,528	480,646
Others		497	330
		75,179,008	573,726
(Loss) income before income tax		(62,902,993)	5,293,532
Income tax expense	6	(2,075,656)	-
(Loss) profit for the year		(64,978,649)	5,293,532
Other comprehensive income for the year		-	-
Total comprehensive (loss) income for the year		(64,978,649)	5,293,532

The notes on pages 1 to 17 are integral part of these financial statements.

APR 14 2023



Hastings Holdings, Inc.
(A wholly-owned subsidiary of MediaQuest Holdings, Inc.)

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

	Share capital (Note 5)	Subscription receivable at par (Note 5)	Share capital, net	Share premium (Note 5)	Subscription receivable in excess of par (Note 5)	Share premium, net	Retained earnings (Note 5)	Total equity
Balances at January 1, 2021	130,000	(10,000)	120,000	2,022,278,219	(149,990,000)	1,872,288,219	68,558,465	1,940,966,684
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	5,293,532	5,293,532
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year								
Balances at December 31, 2021	130,000	(10,000)	120,000	2,022,278,219	(149,990,000)	1,872,288,219	73,851,997	1,946,260,216
Comprehensive income for the year								
Loss for the year	-	-	-	-	-	-	(64,978,649)	(64,978,649)
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive loss for the year								
Balances at December 31, 2022	130,000	(10,000)	120,000	2,022,278,219	(149,990,000)	1,872,288,219	8,873,348	1,881,281,567

The notes on pages 1 to 17 are integral part of these financial statements.



Hastings Holdings, Inc.
(A wholly-owned subsidiary of MediaQuest Holdings, 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			
(Loss) profit before income tax		(62,902,993)	5,293,532
Adjustments for:			
Provision for impairment on investment	4	74,846,883	-
Interest income from notes receivable	3	(10,373,288)	-
Interest income from bank deposits	2	(1,902,727)	(2,292,258)
Dividend income	4,7	-	(3,575,000)
Operating loss before changes in liabilities		(332,125)	(573,726)
Increase in accrued expenses		200,195	5,250
Net cash used in operations		(131,930)	(568,476)
Interest received from bank deposits		1,762,748	2,145,872
Income taxes paid	6	(1,555,994)	-
Net cash flows from operating activities		74,824	1,577,396
Cash flows from investing activities			
Issuance of notes receivable to a related party	3	(500,000,000)	-
Interest received from notes receivable		1,555,994	-
Dividends received	7	-	3,575,000
Net cash flows (used in) from investing activities		(498,444,006)	3,575,000
Net increase (decrease) in cash and cash equivalents		(498,369,182)	5,152,396
Cash and cash equivalents at beginning of year		599,545,021	594,392,625
Cash and cash equivalents at end of year		101,175,839	599,545,021

The notes on pages 1 to 17 are integral part of these financial statements.

Hastings Holdings, Inc.

(A wholly-owned subsidiary of MediaQuest Holdings, Inc.)

Notes to the Financial Statements

As at and for the years ended December 31, 2022 and 2021

(All amounts are in Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Business information

Hastings Holdings, Inc. (the “Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 23, 2001. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description, and to pay thereof in whole or in part, in cash or by exchanging thereof, stocks, bonds and other evidences of indebtedness or securities of this or any other corporation, without however engaging as an investment company.

The Company is a wholly-owned subsidiary of MediaQuest. The Company’s ultimate parent company is the Benefit Plan of PLDT Co. (BTF), a trust organized and domiciled in the Philippines.

On January 25, 2013, the Board of Directors (BOD) of MediaQuest approved the corporate reorganization of its various investments into three main companies - free TV for broadcast and content, pay TV and print. As a result of the reorganization, certain investments of the MediaQuest were transferred to the Company being the holding company of the print business.

On May 30, 2015, the BOD of MediaQuest approved the issuance of Php3.25 billion Hastings Philippine Depositary Receipts (PDRs), providing ePLDT, Inc. with 70% economic interest in the Company.

On February 2, 2018, the Board of Trustees of BTF approved the acquisition of the Hastings PDRs with 70% economic interest in Hastings from ePLDT amounting to P1,664.0 million. As a result, BTF has acquired 100% economic interest in the Company upon finalization of the transfer on February 15, 2018.

The Company’s registered office address, which is also its principal place of business, is at 3F Launchpad, Sheridan corner Reliance St., Highway Hills, Mandaluyong City.

The Company has no key officers and regular employees and its administrative and accounting functions are handled by MediaQuest.

1.2 Approval of the financial statements

These financial statements have been approved and authorized for issuance by the Company’s BOD on March 10, 2023.



Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2022	2021
Cash equivalents	80,638,267	588,717,244
Cash in bank	20,537,572	10,827,777
	101,175,839	599,545,021

Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents which consist of short-term money market placements with maturity dates of less than three (3) months earn at annual interest rates ranging from 0.5% to 4.0% for the year ended December 31, 2022 (2021 - 0.4% to 0.5%).

Interest income from cash and cash equivalents amounted to P1.9 million for the year ended December 31, 2022 (2021 - P2.3 million). Accrued interest on cash equivalents as at December 31, 2022 amounted to P459,638 (2021 - P319,659).

Note 3 - Notes receivable

On May 13, 2022, the Company and Cignal TV, Inc. (Cignal) entered into a five-year loan agreement amounting to P500 million to finance Cignal's day to day operations. The loan bears interest of 3.25% subject to annual repricing until maturity date. Principal and interest are due semi-annually beginning May 13, 2023 until May 13, 2027.

The principal amount of the notes receivable is presented in the statement of financial position as at December 31, 2022 as follows:

Current	50,000,000
Non-current	450,000,000

Interest income from the notes receivable for the year ended December 31, 2022 recognized in profit or loss amounted to P10.4 million. Accrued interest on notes receivable as at December 31, 2022 amounted to P8.8 million.

Note 4 - Investments in subsidiaries, net

Investment in subsidiaries, net as at December 31 consist of the following:

	2022	2021
Cost:		
Pilipino Star Ngayon, Inc. (Philstar Ngayon)	1,457,600,000	1,457,600,000
Philstar Daily Incorporated (Philstar Daily)	943,178,920	943,178,920
Pilipino Star Printing Co. Inc. (Philstar Printing)	630,400,000	630,400,000
Philstar Global Corporation (Philstar Global)	78,000,000	78,000,000
	3,109,178,920	3,109,178,920
Allowance for decline in value of investment of:		
Pilipino Star Ngayon, Inc. (Philstar Ngayon)	(1,076,372,744)	(1,071,415,844)
Philstar Daily Incorporated (Philstar Daily)	(547,988,574)	(478,098,591)
Pilipino Star Printing Co. Inc. (Philstar Printing)	(225,309,949)	(225,309,949)
	(1,849,671,267)	(1,774,824,384)
Investment in subsidiaries, net	1,259,507,653	1,334,354,536

Movement of allowance for decline in value of investment for the years ended December 31 are as follows:

	2022	2021
Beginning	1,774,824,384	1,774,824,384
Provision for impairment	74,846,883	-
Ending	1,849,671,267	1,774,824,384

The Company's investments in subsidiaries are carried at cost. Management regularly undertakes an impairment review of the Company's cash generating units (CGUs) in accordance with PAS 36, Impairment of Assets. In 2022, an impairment test was carried out for its investment in Philstar Group ("Print business") where it indicated that an impairment provision must be recognized (2021 - nil). In determining the provision, the recoverable amount of the Print business was determined based on value-in-use (VIU) calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period and calculated terminal value.

Using the detailed projections of Print business for five years and applying a terminal value thereafter, the Company calculated a recoverable amount of P1,259.5 million (2021 - P1,453.2 million). Consequently, the Company recognized additional provision for impairment of its Philstar Group business amounting to P74.8 million for the year ended December 31, 2022 (2021 - nil), representing the difference between the recoverable amount and the carrying value of the Print business as at reporting date.

As at December 31, 2022, the Company's aggregate carrying value of investment in Philstar Group amounted to P1,259.5 million (2021 - P1,334.4 million), net of allowance for impairment of P1,849.7 million (2021 - P1,774.8 million).

The assumptions used as at December 31 are as follows:

	2022	2021
Discount rate	15.0%	11.4%
Terminal growth rate	0.0%	0.0%

Discount rate used is based on weighted average cost of capital of comparable companies. Changes in those management judgments and assessments could have a significant effect on the carrying value of investments in shares of stocks and advances and the amount and timing of recorded provision for any period.

The Company recognized provision for decline in value of investments as presented in table above. The Company further believes that there are no events or changes in circumstances that indicate the carrying amount of its remaining investment in subsidiaries, net of allowance for impairment, may not be recoverable at reporting date.

Investment in Philstar Group

Philstar Group comprise Philstar Ngayon, Philstar Daily, Philstar Printing and Philstar Global.

Philstar Ngayon publishes and/or acts as agents or representatives for newspapers, journals, magazines books and other literary works and undertakings. Philstar Ngayon's principal place of business is at 202 Roberto S. Oca corner Railroad Street, Port Area Manila.

Philstar Daily publishes newspapers, journals, books and other literary works and undertakings. Philstar Daily's principal place of business is at 202 Roberto S. Oca corner Railroad Street, Port Area Manila.

Philstar Printing engages in the business of printing, circulation and distribution of periodicals, magazines, books, literary writings, lithographs, advertisements or any other printed forms. Philstar Printing's principal place of business is at 202 Roberto S. Oca corner Railroad Street, Port Area Manila.

Philstar Global engages in any business related to the internet including the development, licensing, marketing, sales, resale, distribution operations and upgrading and maintenance of computer software. Philstar Global's principal place of business is at 6th Flr. RFM Corporate Center, Pioneer St. Mandaluyong City.

No dividend income was recognized in the statement of total comprehensive income for the year ended December 31, 2022 (2021 - Philstar Global P3.6 million).

Investment in Business World Publishing Corporation (Business World)

Business World is engaged in the (a) printing and publishing of newspapers, journals, magazines, books and other written and printed words and undertakings; and (b) manufacturing, producing, developing, importing, exporting, leasing, selling, buying, merchandising, and/or dealing in printing and publishing materials, machineries, equipment, accessories, tools and utensils of any and all kinds, of acting as printers, stereotypes, electro-typers, and/or lithographers, and of taking over, leasing, buying, acquiring, selling, disposing, managing and/or operating all kinds of publications.

The principal business place of Business World is located at 95 Balete Drive Extension, New Manila, Quezon City.

On September 13, 2013, the Company made an additional investment in Business World amounting to P100.0 million increasing its stake to 77%. Out of the subscription price of P100.0 million, P25.0 million was paid in 2013 and P20.0 million in 2014.

On July 9, 2015, the Company and Philstar Printing signed a share purchase agreement wherein the Company sold 14,949,960 common shares and 100,000,000 subscription shares of Business World to Philstar Printing for an aggregate purchase price of P100.0 million. Philstar Printing also agreed to assume the Company's subscription payable amounting to P55.0 million. As a result of the agreement, the Company recognized P12.6 million gain on sale of its investment to Business World and paid capital gains tax amounting to P1.3 million. The Company now indirectly owns Business World through Philstar Printing with 61.34% equity interest.

As at December 31, 2022 and 2021, there are no statutory, contractual or regulatory restrictions on the ability of the Company or its subsidiaries to transfer cash and other assets to (or from) entities. There are no guaranties or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid to (or from) entities.

Note 5 - Equity

Details of share capital as at December 31, 2022 and 2021 are as follows:

	Number of shares	Amount
Common shares at P1 par value per share		
Authorized	220,000	220,000
Issued and outstanding	100,000	100,000
Subscribed share capital		
Fully paid and unissued	20,000	20,000
Unpaid	10,000	10,000

On February 14, 2014, MediaQuest subscribed to an additional 30,000 shares for a total subscription price of P450.0 million, of which P300.0 million has been paid as at December 31, 2015. The subscription receivable amounting to P150.0 million has been presented net against share capital and share premium as at December 31, 2022 and 2021.

On February 14, 2020, the BOD approved to undertake equity restructuring in order to apply its deficit amounting to P1,298.7 million against share premium.

On September 9, 2020, SEC approved the Company's request to undertake equity restructuring to apply its deficit amounting to P1,298.7 million against share premium of P3.2 billion. Share premium as at December 31, 2022 and 2021 as a result of the above transactions amounted to P1.9 billion.

Note 6 - Income tax

The reconciliation of income tax computed at the applicable statutory income tax rate to the provision for income tax for the years ended December 31 follows:

	2022	2021
Income tax at 25% on profit before tax	(15,725,748)	1,323,383
Adjustments:		
Non-deductible expenses	18,711,721	-
Interest income subject to final tax	(475,682)	(573,065)
Tax benefit from previously unrecognized DTA on NOLCO	(434,635)	-
Unrecognized tax benefit from NOLCO	-	143,432
Dividend income	-	(893,750)
Income tax expense	2,075,656	-

NOLCO could be carried over as a deduction from taxable income for the next three consecutive taxable years following the year of such loss. In 2020, pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

The details of the Company's NOLCO for the years ended December 31, are as follows:

Year loss was incurred	Year of expiration	2022	2021
2018	2021	-	1,624,923
2019	2022	711,503	711,503
2020	2025	453,312	453,312
2021	2026	573,726	573,726
		1,738,541	3,363,464
Applied during the year		(1,738,541)	-
Expired during the year		-	(1,624,923)
		-	1,738,541
Tax rate		25%	25%
Unrecognized DTA on NOLCO		-	434,635

Realization of the 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. Management, in consideration that no significant future taxable income is expected to be generated from operations, decided not to recognize DIT asset arising from prior years' NOLCO.

Note 7 - Related party transactions and balances

Related party transactions for the years ended December 31 are as follows:

	Description	2022	2021
Dividend income Subsidiary	The Company received cash dividend for the year ended December 31, 2021 (Note 4).	-	3,575,000
Notes receivable Entity under common control Principal Interest	The Company entered into a five-year loan agreement amounting to P500 million to finance Signal's day to day operations. The loan bears interest of 3.25% subject to annual repricing until maturity date. Principal and interest are due semi-annually beginning May 13, 2023 until May 13, 2027. (Note 3).	500,000,000 10,373,288	- -

Related party balances as at December 31 are as follows:

	Terms and conditions	2022	2021
Notes receivable Entity under common control Current Non-current	This is settled in cash, unsecured and bears interest of 3.25% subject to annual repricing until maturity date. Principal is due semi-annually beginning May 13, 2023 until May 13, 2027 (Note 3).	50,000,000 450,000,000	- -
		500,000,000	-
Interest receivable Entity under common control	This relates to the unsecured, interest-bearing notes receivable discussed above. Interest is due semi-annually beginning May 13, 2023 until May 13, 2027 (Note 3).	10,062,089	-
Due from a related party Entity under common control	Unsecured, non-interest bearing and collectible in cash on a gross basis upon demand.	12,125,000	12,125,000

Critical accounting estimate: Estimated credit loss of outstanding amounts due from related party

Provision for impairment of amounts due from related parties is maintained at a level considered adequate to provide for uncollectible receivables. Provision for impairment is calculated using expected credit losses (ECL). ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of amounts due from related parties and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

As at December 31, 2022 and 2021, ECL on amounts due from related parties have been assessed to be immaterial.

Key management personnel compensation

The Company has no key officers and regular employees as its administrative and accounting functions are handled by MediaQuest.

Note 8 - Financial risk and capital management

Financial risk management is carried out by management of MediaQuest under the direction of its BOD. MediaQuest identifies and evaluates financial risks in close cooperation with the Company's officers. 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 regards to the operations of the Company.

8.1 Components of financial assets and liabilities

Details of the Company's financial assets and financial liabilities at amortized costs as at December 31 are as follows:

	Notes	2022	2021
Financial assets			
Cash and cash equivalents	2	101,175,839	599,545,021
Notes receivable	3	500,000,000	-
Due from a related party	7	12,125,000	12,125,000
Interest receivable	2,3,8.2	9,276,932	319,659
Subscription receivable	5	150,000,000	150,000,000
Other receivable		700,000	700,000
		773,277,771	762,689,680
Financial liability			
Accrued expenses		284,195	84,000

Other receivable above is presented gross of allowance for impairment amounting to P700,000 as at December 31, 2022 and 2021.

The Company does not hold any collateral on the financial assets above.

None of the financial assets that are fully performing has been renegotiated as at December 31, 2022 and 2021.

8.2 Financial risk factors

The Company is exposed to a variety of financial risks such as: credit risk, liquidity risk, and market risk. 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.

(a) Credit risk

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure to amounts receivable from related parties. The Company's exposure to credit risk arises from the default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets.

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

Class of financial assets	Gross carrying amount	Allowance provided	Net carrying amount	Internal credit rating	Basis for recognition of ECL
2022					
Cash and cash equivalents	101,175,839	-	101,175,839	Performing	12- month ECL
Notes receivable	500,000,000	-	500,000,000	Performing	12- month ECL
Due from a related party	12,125,000	-	12,125,000	Performing	12- month ECL
Interest receivable	9,276,932	-	9,276,932	Performing	12- month ECL
Subscription receivable	150,000,000	-	150,000,000	Performing	12- month ECL
Other receivables	700,000	(700,000)	-	Credit impaired	Full provision
Total	773,277,771	(700,000)	772,577,771		
2021					
Cash and cash equivalents	599,545,021	-	599,545,021	Performing	12- month ECL
Due from a related party	12,125,000	-	12,125,000	Performing	12- month ECL
Interest receivable	319,659	-	319,659	Performing	12- month ECL
Subscription receivable	150,000,000	-	150,000,000	Performing	12- month ECL
Other receivable	700,000	(700,000)	-	Credit impaired	Full provision
Total	762,689,680	(700,000)	761,989,680		

Cash and cash equivalents

To minimize the credit risk exposure, the Company concentrates its banking activities with financial institutions that have good financial ratings. Cash and cash equivalents as at December 31, 2022 amounting to P101.2 million (2021 - P599.5 million) are deposited in a universal bank with good credit rating.

Notes receivable

The Company has outstanding notes receivable from a related party amounting to P500 million (Notes 3 and 7).

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 the related party, the Company has assessed that the notes receivable is exposed low credit risk. Expected credit loss on notes receivable has therefore been assessed to be insignificant.

Due from a related party

The Company has outstanding receivables from its related party (Note 7).

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 the related party, the Company has assessed that the amounts due from the related party is exposed low credit risk. Expected credit loss on amounts due from a related party has therefore been assessed to be insignificant.

Subscription receivable

The Company has outstanding subscription receivable from MediaQuest amounting to P150 million (Note 5). The Company does not expect significant credit exposure on the subscription receivable considering that it is due from the Company's parent company. There is no history of default or write-off on this account.

Interest receivable

As at December 31, 2022, the Company has outstanding interest receivable on its cash equivalent amounting to P459,638 (2021 - P319,659) (Note 2). The Company does not expect significant credit exposure on this receivable considering that it is a short-term money placement in a universal bank with good credit rating.

The Company also has outstanding interest receivable on its notes receivable amounting to P8.8 million (Note 3). The Company does not expect significant credit exposure on this receivable 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 the related party.

Other receivable

Other receivable amounting to P700,000 represents outstanding advances from Treasurekeeper, a former subsidiary. In 2017, following the Company's divestiture of Treasurekeeper, the Company has fully provided this amount with an allowance for impairment.

(b) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to meet the Company's operational commitments. The Company also obtains funding from MediaQuest, its parent company, to finance its operations if additional funding is required.

All of the Company's financial liabilities as at December 31, 2022 amounting to P284,195 (2021 - P84,000) based on undiscounted cash flows as shown in Note 8.1 are due and expected to be paid within 12 months after the reporting date, which is earlier of the contractual maturity date or the settlement date.

(c) Market risk

Price risk

The Company has no exposure to price risk as it does not have financial assets and liabilities that are sensitive to price fluctuations as at December 31, 2022 and 2021.

Foreign currency exchange risk

The Company has no exposure to foreign currency exchange risk as it does not have financial assets and liabilities that are sensitive to changes in foreign exchange rates as at December 31, 2022 and 2021.

Interest rate risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

Cash flow interest rate risk

The Company's exposure to cash flow interest rate risk relates to its long-term notes receivable which is subject to interest rates that are repriced at periodic intervals in accordance with the terms of the agreement. The Company's practice is to manage its interest income by reference to current market interest rates.

Management conducted a survey among its banks to determine the outlook of Philippine Peso interest rate until December 31, 2022. The Company's outlook is that the Philippine Peso interest rate may move 35 basis points as compared to the levels as at December 31, 2022. If the Philippine Peso interest rate had been 35 basis points lower/higher as at December 31, 2022 with all other variables held constant, loss for the year and deficit would have been P1.1 million higher/lower mainly as a result of the lower/higher interest income on notes receivable.

8.3 Capital management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure, which is the total equity as shown in the statements of financial position. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its shareholder.

The Company is not subject to externally imposed capital requirements.

Note 9 - 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 resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical estimates and assumptions applied by the Company as at reporting date. The judgments that have significant risks of causing material adjustment to the carrying amounts of assets within the next financial year are as follows:

- Provision for impairment of investments in subsidiaries (Note 4)
- Estimated credit loss on amounts due from related parties (Note 7)

Note 10 - 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 both years presented, unless otherwise stated.

10.1 Basis of preparation

The 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.

The financial statements have been prepared under the historical cost convention.

These financial statements are prepared as the Company's separate financial statements. The Company did not present consolidated financial statements because it is a wholly-owned subsidiary and its parent company publishes consolidated financial statements which are available for public use and prepared in accordance with PFRS. In accordance with PFRS 10, Consolidated Financial Statements, a parent that is in itself a controlled subsidiary and that meets certain requirements need not present consolidated financial statements. The parent company's consolidated financial statements include the financial statements of the Company and its subsidiaries. The consolidated financial statements of MediaQuest can be obtained from the SEC website.

As at December 31, 2022 and 2021 the Company's percentage of ownership in its subsidiaries are as follows:

Pilipino Star Ngayon, Inc. (Philstar Ngayon)	80%
Philstar Daily Incorporated (Philstar Daily)	51%
Pilipino Star Printing Co. Inc. (Philstar Printing)	80%
Philstar Global Corporation (Philstar Global)	75%

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise 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 9.

Changes in accounting policies and disclosures

There are no new standards, amendments and interpretations which are effective for annual periods beginning on or after January 1, 2022 that are relevant to and have a material impact on the Company's financial statements.

10.2 Financial assets

Classification

The Company classifies its financial assets in the following measurement categories: (a) financial assets at fair value (through OCI or through profit or loss); and (b) financial assets at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company only holds any financial assets under category (b) financial assets at amortised cost during and at the end of each reporting period.

Financial assets at amortised cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The Company's financial assets at amortised cost consist of cash and cash equivalents, notes receivable, due from a related party, subscription receivable and interest receivable.

Recognition and measurement

At initial recognition, the Company measures its financial assets at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at amortised 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 financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For the Company's financial assets, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

Derecognition

Financial assets at amortized cost 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.

10.3 Financial liabilities

Classification

The Company's financial liabilities are classified at: (i) fair value through profit or loss, and (ii) amortized cost. A financial liability is classified as financial liability at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. The Company did not classify any of its financial liabilities at fair value through profit or loss.

Financial liabilities that are not classified as at fair value through profit or loss fall into the category of financial liabilities measured at amortized cost.

The Company's financial liabilities at amortized cost consist of accrued expenses.

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 are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. Short-term payables are measured at invoice amounts as the impact of discounting is immaterial.

Derecognition

Financial liabilities are derecognized from the statement of financial position when, and only when, the obligation is discharged, is cancelled or has expired.

10.4 Offsetting

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.

The Company did not enter into legally enforceable master netting agreements or other similar arrangements during and at the end of each reporting period.

10.5 Fair value measurement

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

The carrying values of the financial assets and liabilities classified as current approximate its fair values as the impact of discounting is not considered significant as these financial assets and liabilities generally have short-term maturities. The fair value of long-term financial assets also approximates its carrying value as the nominal interest rates approximate market interest rates.

10.6 Cash and cash equivalents

Cash and cash equivalents include demand deposits and other short term highly liquid investments with original maturities of three months or less. Cash in banks earn interest at prevailing bank deposit rate. These are carried in statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method.

10.7 Interest and other receivables

Interest receivable is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 10.2.

10.8 Investments in subsidiaries

Investments in subsidiaries of the Company are accounted for at cost less any impairment in value.

Subsidiaries are all entities controlled by the Company. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, generally accompanied by a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Shares of stock acquired are issued to the Company only upon full payment of subscription price. Any unpaid portion of subscription price is presented as subscription payable in the statement of financial position.

Distributions from accumulated profits of the subsidiary arising after the date of acquisition are recognized as income from investments. Any distributions in excess of the accumulated profits of the subsidiary are regarded as recovery of investments and are recognized as reduction of the costs of investments.

Investments in subsidiaries 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 costs 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). Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting date. Impairment losses, if any, are recognized profit or loss. If future benefit from related subsidiaries cannot be ascertained and the right to hold such investments cannot be established, the Company may directly write-off investments provided appropriate approval has been obtained.

When an investment in subsidiary is sold in an arm's length transaction, the carrying amount of the investment disposed of is derecognized. The difference between the fair value of the consideration paid by the third party and the carrying amount of the investment would be recorded in the statement of comprehensive income as gain or loss on disposal.

10.9 Accrued expenses

Accrued expenses are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are measured at the original invoice amount as the impact of discounting is immaterial.

Accrued expenses which mainly consist of unpaid professional fees are included in current liabilities, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current liabilities.

Accrued expenses are derecognized when the obligation is discharged, cancelled or has expired.

10.10 Equity

Share capital and share premium

The Company's share capital, which is composed of common share with par or stated value, is classified as equity.

The amount of proceeds from the issuance or sale of share capital representing the aggregate par or stated value is credited to share capital. Any proceeds in excess of the aggregate par or stated value of common shares are credited to share premium. Share capital and share premium are presented net of subscription receivable.

After initial measurement, share capital is carried at cost.

Subscription receivable

Subscription receivable pertains to the uncollected portion of value of subscribed shares of stocks. This will be derecognized upon full collection of the amount and issuance of stock certificates.

10.11 Dividend distribution

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

10.12 Other income

Dividend income

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

Interest income

Interest income is recognized when it is determined that such income will accrue to the Company and is presented net of final tax withheld by the banks.

Other income

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

10.13 Cost and expenses

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

Costs and expenses are recognized when incurred. These are presented in the statement of total comprehensive income according to the nature of such expenses.

10.14 Current and deferred income tax

Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax expense is calculated on the basis of the tax laws enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DIT is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. DIT is determined using tax rates and laws that have been enacted at the end of the reporting period and are expected to apply when the related DIT asset is realized or the DIT liability is settled.

DIT assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, including the carry-forward benefit of unused tax losses (NOLCO) to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses and tax credits can be utilized. The Company re-assesses at each reporting date the need to recognize a previously unrecognized DIT asset.

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 and where there is an intention to settle on the balance on a net basis.

10.15 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 the reporting enterprise and its key management directors or its shareholder. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

10.16 Functional and presentation currency

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 entity operates (the 'functional currency'). The financial statements are presented 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.

10.17 Subsequent events

Post year-end events that provide additional information about the Company's financial 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 11 - Supplementary information required by the Bureau of Internal Revenue (BIR)

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

(i) Output value-added tax (VAT)

On May 13, 2022, the Company and Cignal TV, Inc. entered into a loan agreement amounting to P500 million. Interest income from notes receivable for the year ended December 31, 2022 amounted to P10,373,288 (Notes 3 and 7). As such, the gross revenue of the company exceeded the threshold for VAT registration. The Company is subject to VAT as of November 2022.

The gross revenues are based on gross receipts of the Company for VAT purposes while the revenues presented in the statement of total comprehensive income are recognized in accordance with the Company's revenue recognition policy disclosed in Note 10.12. As at December 31, 2022, no gross revenues subject to VAT were received by the Company.

As at December 31, 2022, deferred output vat on accrued interest amounted to P1,244,794.

(ii) Input VAT

The Company did not claim input VAT for the year ended December 31, 2022.

(iii) Importations

The Company did not have any purchase of imported goods subject to custom duties and tariff fees for the year ended December 31, 2022.

(iv) Excise tax

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 tax

The DST on the loan agreement entered on May 13, 2022 was shouldered by Cignal TV, Inc.

(vi) All other local and national taxes

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

Business tax	36,098
Community tax certificate	1,930
BIR annual registration	500
	38,528

(vii) Withholding taxes

The Company did not have any transactions for the year ended December 31, 2022 that are subject to withholding taxes.

(viii) Tax assessments

On November 10, 2022, the Company received Final Decision on Disputed Assessment (FDDA) from the BIR regarding tax deficiency covering taxable year 2018. On December 7, 2022, the Company filed for a Request for Reconsideration of the FDDA with the Office of the Commissioner of Internal Revenue. The docket has yet to be endorsed to a lawyer at the Appellate Division of the Bureau of Internal Revenue.

(ix) Tax cases

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


March 10, 2023

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The management of **HASTINGS HOLDINGS, INC.** (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including any and all tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of December 31, 2022, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippines tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



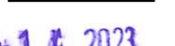

Ray C. Espinosa
Chairman of the Board


Jaime Miguel G. Belmonte
Chief Executive Officer


Carlos R. Dizon
Chief Financial Officer

APR 03 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2023 affiants exhibiting to me their Passports, as follows:

Name	Passport No.	Date of Expiry	Place of Issue
Ray C. Espinosa		August 11, 2031	DFA, Manila
Jaime Miguel G. Belmonte		January 10, 2028	DFA, NCR East
Carlos R. Dizon		April 1, 2029	DFA, NCR Northeast


Doc. No. _____
Page No. _____
Book No. _____
Series of 2023. _____

APR 14 2023

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 50
South Makati

RECEIVED

INITIAL: _____ DATE: _____
RCO NAME: ROSANNA M. RAFAN RCO CODE 230108


ATTY. HENRY D. ADASA
NOTARY PUBLIC, CITY OF MANILA
APPOINTMENT EXPIRES: 01/03/2023
IBP NO. _____
PTR NO. _____
ROLL NO. _____
MCLE COMP NO. _____ VALID UNTIL APRIL 14, 2025