C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5	1	0	4	8						

C O M P A N Y N A M E

F I L I N V E S T   D E V E L O P M E N T   C O R P O R A T I O N

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

T H E   B E A U F O R T ,   5 T H   A V E N U E   C O R N E R   2 3 R D   S T R E E T ,   B O N I F A C I O   G L O B A L   C I T Y ,   T A G U I G   C I T Y ,   M E T R O   M A N I L A

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N A

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

Company's Email Address	Company's Telephone Number	Mobile Number
www.filinvestgroup.com	7798-3959	NONE

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,005	Last Friday of April	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Elsie D. Paras	elsie.paras@filinvestgroup.com	7798-3977	N/A

CONTACT PERSON's ADDRESS

The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City 1634, Metro Manila

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

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

FILINVEST DEVELOPMENT CORP.

6th Floor, The Beaufort
5th Avenue corner 23rd Street
Bonifacio Global City
1634 Taguig City, Philippines
Trunk line: (632) 798-3977
www.filinvestgroup.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST DEVELOPMENT CORPORATION** (the Company) is responsible for the preparation and fair presentation of the parent company 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 parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company 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 parent company financial statements including the schedules attached therein, and submits the same to the stockholders.

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

JONATHAN T. GOTIANUN
Chairman of the Board

LOURDES JOSEPHINE G. YAP
President and Chief Executive Officer

ELSIE D. PARAS
Treasurer and Chief Financial Officer

Signed this 28th day of March, 2023

FILINVEST DEVELOPMENT CORP.

6th Floor, The Beaufort
5th Avenue corner 23rd Street
Bonifacio Global City
1634 Taguig City, Philippines
Trunk line: (632) 798-3977
www.filinvestgroup.com

MAR 2 8 2023

SUBSCRIBED AND SWORN to before me this MAR 2 8 2023, affiants exhibiting to me their Passport Nos., as follows:

Names	Passport No.	Date of Expiration	Place of Issue
JONATHAN T. GOTIANUN	P5509919A	01/02/2028	DFA MANILA
LOURDES JOSEPHINE G. YAP	P6722593B	04/27/2031	PE SINGAPORE
ELSIE D. PARAS	P4136693B	02/02/2029	DFA NCR EAST

Doc No. 290
Page No. 59
Book No. 14
Series of 23.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5110440; 1-3-23; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Wednesday, April 5, 2023 4:17:02 PM
To: Investor Relations <ir@filinvestgroup.com>
Cc: Edilleen Asuncion <edilleen.asuncion@filinvestgroup.com>
Subject: [EXT] Your BIR AFS eSubmission uploads were received

CAUTION: This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.

Hi FILINVEST DEVELOPMENT CORPORATION,

Valid files

- EAFS000053167ITRTY122022.pdf
- EAFS000053167AFSTY122022.pdf

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Transaction Code: **AFS-0-2QQ3311M0MZS2VVXMP3Z1QRPW0BEHB55CD**
Submission Date/Time: **Apr 05, 2023 04:17 PM**
Company TIN: **000-053-167**

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SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: 0000051048
Company Name: FILINVEST DEV. CORP.
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

Document ID: OST10412202381003809
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Parent
Remarks: None

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Development Corporation
The Beaufort, 5th Avenue corner 23rd Street
Bonifacio Global City, Taguig City, Metro Manila

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the accompanying parent company financial statements of Filinvest Development Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements as at December 31, 2022 and 2021, and for the years then ended are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the parent company financial statements.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which indicates that the parent company financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2022 parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of these parent company financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

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

- Identify and assess the risks of material misstatement of the parent company 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 Parent Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent 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 parent company 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements.

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

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

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Filinvest Development Corporation in a separate schedule. Revenue Regulation 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SGV
Building a better working world

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
Tax Identification No. 160-302-865
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 89336-SEC (Group A)
Valid to cover audit of 2022 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9564691, January 3, 2023, Makati City

March 28, 2023

FILINVEST DEVELOPMENT CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 16)	**₱5,317,226**	₱7,207,285
Contracts and other receivables (Notes 5 and 17)	**23,256**	252,933
Due from related parties (Note 16)	**2,040,610**	1,224,533
Real estate inventories (Note 6)	**93,362**	94,013
Other current assets (Note 7)	**6,525**	438,828
Total Current Assets	**7,480,979**	9,217,592
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 8 and 23)	**244,916**	198,666
Investments in shares of stock (Note 9)	**57,962,706**	56,562,159
Investment properties (Note 10)	**2,211,548**	2,026,403
Property and equipment (Note 11)	**1,625**	1,223
Right-of-use assets (Note 26)	**29,577**	34,507
Deferred tax assets - net (Note 22)	**23,161**	24,718
Other noncurrent assets (Notes 12 and 16)	**577,254**	93,722
Total Noncurrent Assets	**61,050,787**	58,941,398
	₱68,531,766	₱68,158,990
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities – current portion (Note 13)	**₱1,627,445**	₱1,388,611
Contract liabilities (Note 17)	**10,757**	33,893
Due to related parties (Note 16)	**161**	67,809
Lease liabilities – current portion (Note 26)	**7,151**	6,810
Total Current Liabilities	**1,645,514**	1,497,123
Noncurrent Liabilities		
Accounts payable and other liabilities – net of current portion (Note 13)	**592,643**	94,462
Deferred income (Note 16)	**484,995**	504,131
Retirement liabilities - net (Note 21)	**235,418**	269,743
Long-term debt (Notes 14, 16 and 23)	**32,489,483**	32,452,299
Lease liabilities - net of current portion (Note 26)	**30,838**	34,765
Total Noncurrent Liabilities	**33,833,377**	33,355,400
	₱35,478,891	₱ 34,852,523

(Forward)

	December 31	
	2022	2021
EQUITY		
Common stock (Note 15)	**₱9,319,872**	₱9,319,872
Additional paid-in capital (Note 15)	**11,900,015**	11,900,015
Treasury shares (Note 15)	**(3,614,474)**	(3,614,474)
Retained earnings (Note 15)	**15,257,700**	15,572,499
Revaluation reserve on financial assets at FVOCI (Note 8)	**209,776**	163,526
Remeasurement losses on retirement plan - net of tax (Notes 21 and 22)	**(20,014)**	(34,971)
Total Equity	**33,052,875**	33,306,467
	₱68,531,766	₱68,158,990

See accompanying Notes to Parent Company Financial Statements.

FILINVEST DEVELOPMENT CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2022	2021
REVENUES		
Dividends (Notes 9, 16 and 20)	**₱1,571,962**	₱2,746,746
Sugar sales (Notes 16 and 17)	**274,496**	2,833,291
Rental services (Note 10)	**78,822**	94,763
Real estate sales (Note 17)	**–**	1,339
	1,925,280	5,676,139
OTHER INCOME		
Gain on sale of investment property (Notes 10 and 16)	**512,260**	–
Net foreign currency exchange gain	**125,208**	92,347
Interest income (Notes 4, 5 and 16)	**96,822**	42,848
Miscellaneous income	**9,743**	6,926
	744,033	142,121
Total Revenues and Other Income	**2,669,313**	5,818,260
COSTS		
Sugar sales (Note 16)	**266,721**	2,754,838
Management services (Note 16)	**105,894**	60,771
Rental services (Note 10)	**31,151**	31,151
Real estate sales (Note 6)	**–**	545
	403,766	2,847,305
OPERATING EXPENSES		
General and administrative (Note 18)	**336,343**	138,319
Selling and marketing (Notes 16 and 19)	**17,836**	26,616
	354,179	164,935
OTHER EXPENSES		
Interest expense (Notes 14 and 16)	**1,574,527**	1,629,607
Amortization of Financing charged	**37,238**	62,130
	1,611,765	1,691,737
Total Costs and Expenses	**2,369,710**	4,703,977
INCOME BEFORE INCOME TAX	**299,603**	1,114,283
PROVISION FOR INCOME TAX (Note 22)	**7,799**	26,016
NET INCOME	**₱291,804**	₱1,088,267

See accompanying Notes to Parent Company Financial Statements.

FILINVEST DEVELOPMENT CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2022	2021
NET INCOME	**₱291,804**	₱1,088,267
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss		
Unrealized gain on financial assets at fair value through other comprehensive income (Note 8)	**46,250**	18,050
Remeasurement loss on retirement plan - net of tax (Notes 21 and 22)	**14,957**	–
	61,207	18,050
TOTAL COMPREHENSIVE INCOME	**₱353,011**	₱1,106,317

See accompanying Notes to Parent Company Financial Statements.

FILINVEST DEVELOPMENT CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Common Stock (Note 15)	Additional Paid-in Capital (Note 15)	Treasury Shares (Note 15)	Retained Earnings (Note 15)	Revaluation Reserve on Financial Assets at Fair Value Through Other Comprehensive Income (Note 8)	Remeasurements Gains (Losses) on Retirement Plans (Notes 21 and 22)	Total
				For the Year Ended December 31, 2022			
Balances as of January 1, 2022	**₱9,319,872**	**₱11,900,015**	**(₱3,614,474)**	**₱15,572,499**	**₱163,526**	**(₱34,971)**	**₱33,306,467**
Net income	**–**	**–**	**–**	**291,804**	**–**	**–**	**291,804**
Other comprehensive income (Note 8)	**–**	**–**	**–**	**–**	**46,250**	**14,957**	**61,207**
Total comprehensive income	**–**	**–**	**–**	**291,804**	**46,250**	**14,957**	**353,011**
Dividends declared (Note 15)	**–**	**–**	**–**	**(606,603)**	**–**	**–**	**(606,603)**
Balances as of December 31, 2022	**₱9,319,872**	**₱11,900,015**	**(₱3,614,474)**	**₱15,257,700**	**₱209,776**	**(₱20,014)**	**₱33,052,875**
				For the Year Ended December 31, 2021			
Balances as of January 1, 2021	₱9,319,872	₱11,900,015	(₱3,614,474)	₱15,331,782	₱145,476	(₱34,971)	₱33,047,700
Net income	–	–	–	1,088,267	–	–	1,088,267
Other comprehensive income (loss) (Note 8)	–	–	–	–	18,050	–	18,050
Total comprehensive income	–	–	–	1,088,267	18,050	–	1,106,317
Dividends declared (Note 15)	–	–	–	(847,550)	–	–	(847,550)
Balances as of December 31, 2021	₱9,319,872	₱11,900,015	(₱3,614,474)	₱15,572,499	₱163,526	(₱34,971)	₱33,306,467

See accompanying Notes to Parent Company Financial Statements.

FILINVEST DEVELOPMENT CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱299,603**	₱1,114,283
Adjustments for:		
Interest expense (Notes 14 and 16)	**1,574,527**	1,629,607
Provision for probable losses (Notes 18 and 25)	**163,191**	–
Depreciation and amortization (Notes 10, 11, 18 and 26)	**36,534**	36,376
Provision for retirement costs (Notes 18 and 21)	**25,632**	20,440
Dividend income (Note 20)	**(1,571,962)**	(2,746,746)
Gain on sale of investment property (Notes 10 and 16)	**(512,260)**	–
Net foreign currency exchange gain	**(125,208)**	(92,347)
Interest income (Notes 4, 5 and 16)	**(96,822)**	(42,848)
Operating income (loss) before changes in operating assets and liabilities	**(206,765)**	(81,235)
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts and other receivables	**229,677**	(43,349)
Real estate inventories	**651**	545
Other current assets	**432,303**	(29,346)
Increase (decrease) in:		
Contract liabilities	**(23,136)**	13,107
Accounts payable and other liabilities	**261,572**	(82,966)
Net cash provided by (used in) operations	**694,302**	(223,244)
Income taxes paid, including creditable withholding taxes	**(6,242)**	(6,965)
Net cash provided by (used in) operating activities	**688,060**	(230,209)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investments in subsidiaries (Note 9)	**(1,400,547)**	(1,856,067)
Investment properties and property and equipment	**(382,254)**	(61,551)
Contribution to plan asset	**(25,000)**	(20,000)
Decrease (increase) in due from related parties	**(83,110)**	195,811
Decrease in noncurrent assets	**(478,603)**	–
Receipts of:		
Proceeds from sale of investment property	**314,129**	–
Dividends	**1,571,962**	2,496,746
Interests	**96,822**	42,848
Proceeds from sale of investment in a subsidiary and a joint venture	–	22,750
Redemption of preferred shares	–	1,000,000
Net cash provided by (used in) investing activities	**(386,601)**	1,820,537

(Forward)

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loan availment (Note 14)	**₱–**	₱11,107,000
Payments of:		
Interest	**(1,635,665)**	(1,601,463)
Dividends (Note 15)	**(606,603)**	(847,550)
Lease liabilities (Note 26)	**(6,810)**	(6,506)
Long-term debt (Note 14)	–	(7,800,000)
Decrease in due to related parties	**(67,648)**	(36,112)
Net cash provided by (used in) financing activities	**(2,316,726)**	815,369
EFFECT OF FOREIGN CURRENCY RATE CHANGES IN CASH AND CASH EQUIVALENTS	**125,208**	92,347
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,890,059)**	2,498,044
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**7,207,285**	4,709,241
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱5,317,226**	₱7,207,285

See accompanying Notes to Parent Company Financial Statements.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Approval of the Parent Company Financial Statements

Filinvest Development Corporation (FDC or the Parent Company) is a stock corporation incorporated on April 27, 1973, under the laws of the Philippines where its shares are publicly traded. The Parent Company is the holding company of the Filinvest Group, which is engaged in real estate operations as a developer of residential subdivisions and mixed-use urban projects, including condominium and commercial buildings, industrial parks, and farm estates. The Filinvest Group is also involved in leasing operations, hospitality operations, banking and financial services, power and utility operations and sugar farming and milling business.

A.L. Gotianun, Inc. (ALGI) is FDC's ultimate parent company and was incorporated in the Philippines.

The Parent Company's registered business address is at The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila.

On December 28, 2022, Filinvest Alabang Inc. (FAI) entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel Property Managers, Inc. (Pro-excel) to Filinvest Land, Inc. (FLI) and FDC for a total consideration of ₱14.7 million. The resulting ownership interest of FAI, FLI and FDC in Pro-excel after the transfer is 47.5%, 47.5% and 5.0%, respectively. The primary purpose of Pro-Excel is to engage in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

On March 31, 2022, the Accounting and Corporate Regulatory Authority of Singapore approved the transfer of ownership in Filinvest International Pte. Ltd. (FIPL, formerly Halo Halo Hospitality Pte. Ltd) from Filinvest Hospitality Corporation (FHC) to FDC. FIPL, which was incorporated on May 4, 2020 as a private company limited by shares under the Singapore Companies Act, with registered offices situated in the Republic of Singapore, has not started commercial operations as of December 31, 2022.

On December 17, 2021, FDC entered into a Share Purchase Agreement to sell portion of its ownership in SharePro, Inc. (SPI) to FLI and FAI amounting to ₱16.3 million. The resulting ownership interest in SPI of FDC, FLI and FAI after the sale is 35.0%, 45.0% and 20.0%, respectively. SPI, which was incorporated on November 10, 2020 to engage primarily in the business of providing technical, management, administrative, business process and consultancy services, started its commercial operations in September 2021.

On March 26, 2021, FDC entered into a Deed of Assignment to sell its ownership in Investree Philippines, Inc. (Investree) to f(dev) Digital Innovations and Ventures, Inc (FDEV), a wholly owned subsidiary of FDC, amounting to ₱6.5 million. After the sale, Investree is owned 50.0% by Investree SG and 50% by FDEV. Investree, a joint venture of the Parent Company with Investree Singapore Pte. Ltd. (Investree SG), was incorporated on May 6, 2020 to engage primarily in the business of software integration and proving information technology (IT) solutions.

<u>Approval of the Parent Company Financial Statements</u>
The parent company financial statements as of December 31, 2022 and 2021 were approved and authorized for issue by the Parent Company's Board of Directors (BOD) on March 28, 2023.

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The accompanying Parent Company financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative designated as cash flow hedge, that have been measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional currency, and all amounts are rounded to the nearest thousand except when otherwise indicated.

The Parent Company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The separate financial statements of the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting relief on the accounting for significant financing component as issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic.

The Parent Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements, presented in compliance with PFRS as modified by the application of reporting relief issued and approved by the SEC, available at the Parent Company's registered address.

The Parent Company's subsidiaries, FLI and FAI have availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of Philippine Interpretations Committee Question and Answer (PIC Q&A) 2018-12-D (assessment if the transaction price includes a significant financing component) and International Financial Reporting Interpretation Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) until December 31, 2023.

The financial statements of the Parent Company, which are prepared for submission to the Philippine SEC and the Bureau of Internal Revenue (BIR), have also been prepared in accordance with PFRSs, as modified by the application of the financial reporting relief on the accounting for significant financing component and borrowing cost over time transfer of constructed goods, as issued and approved by the SEC in response to the COVID-19 pandemic.

PFRSs include Philippine Accounting Standards (PAS) and Interpretations issued by Philippine Interpretations Committee (PIC).

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Parent Company financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRSs and PAS which became effective January 1, 2022. Unless otherwise indicated, adoption of these new standards did not have an impact on the parent company financial statements.

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per Cent' Test for Derecognition of Financial Liabilities*

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

- Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Future Changes in Accounting Policies

The Parent Company will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Parent Company does not expect the adoption of these standards to have a significant impact on the parent company financial statements.

Effective Beginning on or After January 1, 2023

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

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

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

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

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

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

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

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

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

Effective Beginning on or After January 1, 2024

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

  The amendments clarify:

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Parent Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

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

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

Effective Beginning on or After January 1, 2025

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the Financial Reporting Standard Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

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

Deferred Effectivity

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

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

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

Summary of Significant Accounting Policies
The following accounting policies were applied in preparation of the parent company financial statements:

Current and Noncurrent Classification
The Parent Company presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

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

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

The principal or the most advantageous market must be accessible to the Parent Company.

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

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>

Date of Recognition
Financial assets and liabilities are recognized in the parent company financial statement when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument.

Financial Assets - Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test' and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the settlement date, i.e., the date that an asset is delivered to or by the Parent Company. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Parent Company, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Parent Company. Securities transactions and related commission income and expense are recorded also on a settlement date basis.

Derivatives are recognized on trade date, i.e., the date that the Parent Company becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

As of December 31, 2022 and 2021, the parent company financial assets comprise of financial assets at amortized cost, financial assets at FVPL and financial assets at FVOCI.

Financial Assets - Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four (4) categories:

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

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

- the asset is held within the Parent Company's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest rate (EIR) method less any impairment in value, with the interest calculated recognized as interest income in the parent company statement of income.

The Parent Company classified cash and cash equivalents, contracts and other receivables (excluding advances to officers and employees), due from related parties and refundable deposits under Other noncurrent assets as financial assets at amortized cost (see Notes 4, 5, 7, 12 and 16).

The Parent Company may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. For the years ended December 31, 2022 and 2021, the Parent Company has not made such designation.

Financial Assets Designated at FVOCI (Equity Instruments)
At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses arising from changes in fair value are recognized in other comprehensive income (OCI) and accumulated in Revaluation reserve on financial assets at FVOCI in the parent company statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in Revaluation reserve on financial assets at FVOCI is not reclassified to profit or loss, but is reclassified to Retained earnings.

Dividends earned on holding these equity instruments are recognized in the parent company statement of income when the Parent Company's right to receive the dividends is established in accordance with PFRS 15, unless the dividends clearly represent recovery of a part of the cost of the investment.

Included under this category are the Parent Company's investments in quoted and unquoted equity securities (see Note 8).

Financial Assets at FVPL
Debt instruments that do not meet the amortized cost criteria or that meet the criteria but the Parent Company has chosen to designate as at FVPL at initial recognition, are measured at FVPL.

Equity investments are classified as at FVPL, unless the Parent Company designates an investment that is not held for trading as at FVOCI at initial recognition.

As of December 31, 2022 and 2021, the Parent Company has no financial assets at FVPL.

Financial assets at FVPL are carried at fair value, and realized and unrealized gains and losses on these instruments are recognized as Mark-to-market gain under Other income in the parent company's statements of income. Quoted market prices are used to determine the fair value of these financial instruments.

Reclassification of Financial Assets
The Parent Company can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Parent Company is required to reclassify the following financial assets:

- from amortized cost to FVPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- from FVPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as FVPL at initial recognition is not permitted.

A change in the objective of the Parent Company's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial Liabilities - Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

'Day 1' Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Parent Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the parent company statement of income. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the parent company statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Liabilities - Subsequent Measurement
For purposes of subsequent measurement, financial liabilities are classified in 2 categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost (loans and borrowings)

Financial Liabilities at FVPL
Financial liabilities are classified as at FVPL when the financial liability is either held for trading or it is designated as at FVPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or,
- on initial recognition, it is part of a portfolio of identified financial instruments that the Parent Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Management may designate a financial liability at FVPL upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

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

As of December 31, 2022 and 2021, the Parent Company has no financial liability at FVPL.

Financial Liabilities at Amortized Cost
Financial liabilities are measured at amortized cost using the EIR method, except for:

a. financial liabilities at FVPL which are measured at fair value; and,
b. financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Financial liabilities at amortized cost consist primarily of accounts payable and other liabilities (excluding payables to government), long-term debt, due to related parties and lease liabilities (see Notes 13, 14, 16, 23 and 26).

Impairment of Financial Assets and Contract Assets
The Parent Company recognizes expected credit losses (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Parent Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for other receivables and a vintage analysis for contracts receivables and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets
A financial asset is derecognized when:

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

Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are only 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 the Parent Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the parent company statement of financial position.

<u>Real Estate Inventories</u>
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventories and measured at the lower of cost or net realizable value (NRV).

Cost includes:

- Land acquisition cost and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

<u>Investments in Subsidiaries</u>
The Parent Company's investments in subsidiaries are accounted for under the cost method less accumulated provisions for impairment losses in the parent company financial statements. A subsidiary is an entity that is controlled by another entity. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

The Parent Company's investments in subsidiaries (see Note 9) and the related effective percentages of ownership are as follows:

	Percentage of Ownership	
	2022	2021
FLI	**65**	65
FAI [(1)]	**93**	93
Mactan Seascapes Services, Inc. (MSSI)	**100**	100
FHC	**100**	100
East West Banking Corporation (EW) [(2)]	**78**	78
FDC Ventures, Inc. (FVI)	**100**	100
FDC Utilities, Inc. (FDCUI)	**100**	100
FDC Misamis Power Corporation (FDC Misamis) [(3)]	**100**	100
Pacific Sugar Holdings Corporation (PSHC)	**100**	100
Filinvest Mimosa, Inc. (FMI) [(4)]	**78**	78
Corporate Technologies Incorporated (CTI) [(5)]	**87**	87
Countrywide Water Services, Inc. (CWSI)	**100**	100
Filinvest Development Cayman Islands (FDCI)	**100**	100
FDEV	**100**	100
SPI [(6)]	**83**	83
DPI [(7)]	**84**	84
Pro-excel [(8)]	**74**	–
FIPL [(9)]	**100**	–

Notes:
1. *The percentage ownership in FAI includes indirect ownership through FLI of 20.0%.*
2. *The percentage ownership in EW includes indirect ownership through FVI of 37.8%.*
3. *The percentage ownership in FDC Misamis includes indirect ownership through FDCUI of 85.7%.*
4. *The percentage ownership in FMI includes indirect ownership through FLI of 47.5%.*
5. *The percentage ownership in CTI includes indirect ownership through FLI and FAI of 30.0% each.*
6. *The percentage ownership in SPI included indirect relationship through FLI and FAI of 45.0% and 20.0% respectively, in 2021*
7. *The percentage ownership in DPI includes indirect ownership through FLI of 45.0%.*
8. *The percentage ownership in Pro-excel (see Note 1) includes indirect ownership through FLI and FAI of 47.5% each in 2022, and 32.9% and 67.1%, respectively in 2021.*
9. *FHC transferred 100% interest in FIPL in 2022 (see Note 1)*

Investment in Joint Venture

A joint venture is a contractual agreement whereby 2 or more parties undertake an economic activity that is subject to joint control.

The Parent Company's investment in joint venture is accounted for using the cost method less accumulated provisions for impairment losses, if any. The Parent Company did not account for the investment in joint venture using the equity method because it availed of the exemption from using the equity method as allowed under the PAS 28, *Investments in Associates and Joint Venture.*

The Parent Company's investment in joint arrangements includes the investment in 60.0% equity interest in Chroma Hospitality, Inc. (CHI), 60% equity interest in Filinvest-Hitachi Omni Waterworks, Inc. (FLOW) and 47.5% equity interest in Professional Operations and Maintenance Experts Incorporated (PROMEI) as of December 31, 2022 and 2021 (see Note 9).

Investment in Associate

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Parent Company's investment in an associate is accounted for using the cost method less accumulated provisions for impairment losses, if any. The Parent Company did not account for the investment in associate using the equity method because it availed of the exemption from using the equity method as allowed under the PAS 28, *Investments in Associates and Joint Venture.*

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

The Parent Company's investment in associate pertains to its 42.5% equity interest in Luzon International Premiere Airport Development Corp. (LIPAD) as of December 31, 2022 and 2021 (see Note 9).

Investment Properties

Investment properties are held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to its intended location and working condition.

Investment properties consist of land, buildings and building improvements, furniture, fixtures and other equipment which are part of the building held to earn rentals. Land is carried at cost less any impairment. Buildings and building improvements, furniture, fixtures and other equipment are carried at cost less accumulated depreciation and any impairment in value.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings and building improvements	40
Furniture, fixtures and office equipment	10

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the parent company statement of income in the year of retirement or disposal.

Transfers are made to investment properties when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Transfers are made from investment properties when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Transportation equipment	5
Furniture, fixtures and office equipment	5

The useful life and depreciation method are reviewed to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When items of property and equipment are sold or retired, the cost and accumulated depreciation and any impairment in value are eliminated from the accounts and any gain or loss resulting from the disposal is included in the parent company statement of income.

Impairment of Nonfinancial Assets
The carrying values of investment in subsidiaries, joint ventures and associate, investment properties, and property and equipment, ROU asset and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use (VIU). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate to a carrying amount in excess of what would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

The net amount of VAT payable to the taxation authority is included as part of Accounts payable and other liabilities, in the parent company statement of financial position.

Deferred Income

Deferred income pertains to deferred charges to subsidiaries pertaining to capitalized borrowing costs. The interest is being amortized over the life of related property.

Equity

Capital Stock

The Parent Company records common and preferred stocks at par value and additional paid-in capital (APIC) as the excess of the total contributions received over the aggregate par values of the equity shares.

The Parent Company considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from APIC. In absence of APIC, such direct costs are treated as deduction from retained earnings in the parent company statements of financial position.

Retained Earnings

Retained earnings represents accumulated earnings of the Parent Company, and any other adjustments arising from application of new accounting standards, policies or corrections of errors applied retrospectively, less dividends declared.

Treasury Shares

Reacquired own equity instruments are carried at cost and are deducted from equity.

No gain or loss is recognized in parent company statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance.

Revenue Recognition

Revenue from Contract with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled to in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements (except when otherwise stated) because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

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

Sale of Condominium Units

- *Revenue from Sale of Condominium Units*
  The Parent Company derives its real estate revenue from sale of condominium units. Revenue from sales of fully completed real estate projects where collectability of sales price is reasonably assured is accounted for using the full accrual method.

- *Cost of Sale of Condominium Units*
  The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

  In addition, the Parent Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Sugar Sales
Revenue from sale of sugar and molasses is recognized at the point when control of the goods is transferred to the customer or through physical delivery of the goods.

<u>Contract Balances</u>

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

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

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

The contract liabilities also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Costs to Obtain Contract (Commission Expenses)
The Parent Company pays sales commission to brokers for each contract that they obtain for selling and marketing services. The Parent Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Parent Company to immediately expense sales

commissions (included under Selling and marketing expenses in the parent company statement of income) because the amortization period of the asset that the Parent Company otherwise would have used is one (1) year or less.

Other Revenue and Income Recognition

Dividend Income
Dividend income is recognized when the Parent Company's right to receive payment is established.

Rental Services
Rent income from investment properties is recognized in the parent company's statements of income based on a certain percentage of the gross revenue of tenants, pursuant to the terms of the lease contracts. Leases under contingent rents are recognized as income in the period in which they are earned.

Management and Service Fees
Income from administrative functions and other services is recognized upon rendition of the service.

Income from Forfeited Reservations and Collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act (RA) 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income
Interest income is recognized as the interest accrues taking into account the effective yield on the underlying assets.

Cost and Expense Recognition
Cost and expenses are recognized in the parent company statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized in the parent company statement of income:

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

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

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

Defined benefit costs comprise the following:

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

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

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

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

Plan asset is an asset held by a long-term employee benefit fund or qualifying insurance policies. Plan asset is not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan asset is based on market price information. When no market price is available, the fair value of plan asset is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a DBO is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

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

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

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly within 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

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

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

ROU Assets
The Parent Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The useful life for the building recognized as ROU asset is 10 years.

ROU assets are subject to impairment. Refer to the accounting policies in Impairment of Nonfinancial Assets.

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

In calculating the present value of lease payments, the Parent Company uses the IBR at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-Term Leases
The Parent Company applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Parent Company as a Lessor
Leases where the Parent Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs included under Real estate inventories, Land and land development and Investment Properties account in the parent company statement of financial position. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. All other borrowing costs that are not eligible for capitalization are expensed as incurred.

Income Taxes

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

Deferred Tax
Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

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

Deferred income tax that relates to items that are recognized (a) in other comprehensive income shall be recognized in other comprehensive income and (b) directly in equity shall be recognized directly in equity account.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Exchange Transactions and Translations
The functional and presentation currency of the Parent Company is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Provisions
A provision is recognized only when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

Segment Reporting
The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 27 to the parent company financial statements.

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of parent company financial statements in conformity with PFRS requires the Parent Company to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which will cause the judgments and assumptions used in the estimates to change.

The effects of any change in judgments and estimates are reflected in the parent company financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be determinable under the circumstances.

Judgments

In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements:

a. *Real Estate Revenue Recognition - Existence of a Contract*

The Parent Company's primary document for a contract with a customer is a signed contract to sell and deed of absolute sale.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

Collectability is also assessed by considering factors such as historical experience with customers, and pricing of the property. Management regularly evaluates the historical cancellations, after considering the impact of coronavirus pandemic, if it would still support its current threshold of customers' equity before commencing revenue recognition.

b. *Evaluation of Impairment of Investments in Shares of Stock and Investment Properties*

The Parent Company assesses impairment on investment in subsidiaries, joint ventures, associate and investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Parent Company considers important which could trigger an impairment review include (a) significant underperformance relative to expected historical or projected future operating results; (b) significant changes in the manner of use of the acquired assets or the strategy for overall business; (c) significant decline in assets' market value, obsolescence or physical damage of an asset, plans in discontinuing the real estate projects; and (d) significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and VIU. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while the VIU is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit in which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Parent Company is required to make estimates and assumptions that may materially affect the recoverable amount of the assets.

As of December 31, 2022 and 2021, despite the negative impact of COVID-19 pandemic to the Philippine economy, the Parent Company assessed that there are no impairment indicators on its investments in shares of stock and investment properties. The Parent Company and its subsidiaries, joint ventures and associate continue to operate and provide services during community quarantine. While the pandemic had an impact on the Parent Company and its investments in shares of stock, the Parent Company believes that the business of the Group and the associates and joint venture continue to be relevant.

No impairment loss was recognized in 2022 and 2021.

c. *Contingencies and Provisions*

The Parent Company currently is involved in various legal actions, claims and contingencies incident to its ordinary course of business. The information required by PAS 37 may prejudice the outcome of the proceedings.

The management believes that the potential financial impact will not materially affect the parent company financial statements.

d. *Judgements Made in Determining Taxable Profit (Tax Loss), Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates Applying Paragraph 122 of PAS 1, Presentation of Financial Statements*

The Parent Company has assessed whether it has any uncertain tax position. The Parent Company applies significant judgement in identifying uncertainties over its income tax treatments. The Parent Company determined, based on its tax compliance review, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

Management's Use of Estimates

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

a. *Evaluation of Impairment of Contracts Receivables and Contract Assets*

The Parent Company uses the vintage analysis to calculate ECLs for contracts receivables and contract assets and a provision matrix for due from related parties. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The vintage analysis (the model) is initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

On the other hand, the provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as gross domestic product and consumer confidence. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

As of December 31, 2022 and 2021, the carrying values of contracts receivables amounted to ₱4.6 million and ₱34.4 million, respectively and due from related parties amounted to ₱2,040.6 million and ₱1,224.5 million, respectively (see Notes 5 and 16).

b. Fair Value of Financial Assets and Financial Liabilities

PFRS requires certain financial assets and financial liabilities to be carried at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e. foreign exchange rates, interest rate and volatility rates), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these financial assets and financial liabilities would affect directly the parent company statement of income and other comprehensive income, or the disclosed fair value. See Note 23 for the related fair values of the Parent Company's financial assets and financial liabilities.

c. Estimating NRV of Real Estate Inventories

The Parent Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In line with the impact of COVID-19, recent market conditions and current market prices have been considered in evaluating NRV.

As of December 31, 2022 and 2021, real estate inventories amounted to ₱93.4 million and ₱94.0 million, respectively (see Note 6).

e. Recognition of Deferred Taxes

The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces to the extent that is no longer probable that sufficient income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient taxable profit to allow all or part of the deferred income tax assets to be utilized.

As of December 31, 2022 and 2021, the Parent Company's gross deferred tax assets amounted to ₱75.9 million and ₱81.1 million, respectively.

The tax effect of carryforward benefits of NOLCO, MCIT and provision for probable losses for which no deferred tax assets were recognized amounted to ₱1,147.4 million and ₱1,052.3 million as of December 31, 2022 and 2021, respectively (see Note 22).

f. Estimation of Retirement Liabilities

The determination of the Parent Company's obligation and cost for retirement is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 and include among others, discount rates, expected returns on plan assets and rates of salary increase. While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement liabilities.

Net retirement liabilities amounted to ₱235.4 million and ₱269.7 million as of December 31, 2022 and 2021, respectively (see Note 21).

4. Cash and Cash Equivalents

This account consists of:

	2022	2021
	(In Thousands)	
Cash on hand	**₱60**	₱40
Cash in banks	**357,323**	375,673
Cash equivalents	**4,959,843**	6,831,572
	₱5,317,226	₱7,207,285

Cash in banks earn interest at the respective bank deposit rates ranging from 0.05% to 5.8%. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement, subject to an insignificant risk of change in value and earn interest at the respective short-term deposit rates.

Interest earned from the Parent Company's cash and cash equivalents amounted ₱76.3 million and ₱20.2 million in 2022 and 2021, respectively.

5. Contracts and Other Receivables

This account consists of:

	2022	2021
	(In Thousands)	
Rent receivables (Notes 16 and 23)	**₱8,729**	₱207,432
Contracts receivables (Notes 17 and 23)	**4,637**	34,392
Advances to officers and employees	**1,165**	2,517
Others	**8,725**	8,592
	₱23,256	₱252,933

Rent receivable pertains to the rental collectible from lessees resulting from accrual and straight-line amortization of rental income.

Contracts receivables are collectible within 1 year. Interest income recognized on contracts receivables amounted to ₱3.0 million in 2022 and ₱4.1 million in 2021.

These receivables arising from real estate sales are collateralized by the corresponding real estate properties sold.

Advances to officers and employees pertain to advances for expenses and disbursements necessary in carrying out their functions in the ordinary course of business such as for selling and marketing activities. These are liquidated or charged against officers' and employees' monthly salaries.

Others include accrued interest receivable, receivables from brokers and various advances.

6. Real Estate Inventories

Real estate inventories pertain to costs incurred in the development of the Parent Company's Beaufort Project located in Bonifacio Global City in which the Parent Company has been granted License to Sell by Housing Land Use Regulatory Board of the Philippines. These include acquisition cost of land, construction and development cost and other costs directly attributable to bring the real estate inventories to their intended condition. The Parent Company has completed the development of Beaufort Project in 2015.

A summary of the movement in real estate inventories is set out below:

	2022	2021
	(In Thousands)	
Balances at beginning of year	**₱94,013**	₱94,558
Cost of real estate sold	**–**	(545)
Project cost adjustment	**(651)**	–
Balances at end of year	**₱93,362**	₱94,013

Cost of real estate sales include construction and development cost in respect of real estate sales recognized and are recorded in parent company statement of income in the period incurred.

The real estate inventories are carried at cost. There are no inventories with NRV below cost as of December 31, 2022 and 2021.

7. Other Current Assets

This account consists of:

	2022	2021
	(In Thousands)	
Creditable withholding taxes	**₱500,111**	₱438,632
Prepaid expenses	**283**	196
	500,394	438,828
Less: noncurrent portion	**493,869**	–
	₱6,525	₱438,828

Creditable withholding taxes are taxes withheld by the withholding agents from payments to the Parent Company which are creditable against the income tax payable.

8. Financial Assets at FVOCI

Financial assets at FVOCI are as follows:

	2022	2021
	(In Thousands)	
Quoted:		
Investments in club shares	**₱224,400**	₱178,150
Investments in shares of stock	**368**	368
	224,768	178,518
Unquoted:		
Investment in shares of stock	**₱20,148**	₱20,148
	₱244,916	₱198,666

Investments in quoted shares include shares of clubs wherein the Parent Company does not exercise control or demonstrate significant influence.

The rollforward of revaluation reserve on financial assets at FVOCI is as follows:

	2022	2021
	(In Thousands)	
Balances at beginning of year	**₱163,526**	₱145,476
Changes in fair value of financial assets at FVOCI	**46,250**	18,050
Balances at end of year	**₱209,776**	₱163,526

The rollforward of financial assets at FVOCI as of December 31, 2022 and 2021 are as follow:

	2022	2021
	(In Thousands)	
Balances at beginning of year	**₱198,666**	₱180,616
Changes in fair value of financial assets at FVOCI	**46,250**	18,050
Balances at end of year	**₱244,916**	₱198,666

9. Investments in Shares of Stock

The rollforward analysis of this account follows:

	2022	2021
	(In Thousands)	
Investments in Subsidiaries		
FLI		
Common	**₱15,567,174**	₱15,567,174
Preferred	**80,000**	80,000
Balances at end of year	**15,647,174**	15,647,174
FVI		
Common	**1,557,661**	1,557,661
Preferred	**5,150,207**	5,150,207
Balances at end of year	**6,707,868**	6,707,868

(Forward)

	2022	2021
	(In Thousands)	
FDC Misamis		
Preferred		
Balances at beginning of year	**₱5,250,000**	₱6,250,000
Redemption (b)	–	(1,000,000)
Balances at end of year	**5,250,000**	5,250,000
FDCI		
Common		
Balances at beginning of year	**3,783,206**	3,383,689
Additions (c)	**327,726**	399,517
Balances at end of year	**4,110,932**	3,783,206
FHC		
Common	**379,000**	379,000
Preferred		
Balances at beginning of year	**2,740,630**	1,560,630
Additions (d)	**840,000**	1,180,000
Balances at end of year	**3,959,630**	3,119,630
FDEV		
Common		
Balances at beginning of year	**125,000**	31,250
Addition (e)	**229,050**	93,750
Balances at end of year	**354,050**	125,000
SPI		
Common		
Balances at beginning of year	**8,750**	15,000
Addition (f)	–	10,000
Sale (f)	–	(16,250)
Balances at end of year	**8,750**	8,750
CWSI		
Common		
Balances at beginning of year	**162,944**	160,144
Addition (g)	–	2,800
Balances at end of year	**162,944**	162,944
CTI		
Common	**67,900**	500
Preferred	–	67,400
Balances at end of year	**67,900**	67,900
Pro-excel		
Common		
Balances at beginning of year	–	–
Additions (see Note 1)	**3,767**	–
Balances at end of year	**3,767**	–
EW	**7,715,582**	7,715,582
PSHC	**7,254,000**	7,254,000
FAI	**3,200,000**	3,200,000
FDCUI	**2,246,301**	2,246,301
MSSI	**495,000**	495,000
DPI	**110,000**	110,000

(Forward)

	2022	2021
	(In Thousands)	
FMI	**₱39,339**	₱39,339
FIPL (see Note 1)	**4**	–
	57,333,241	55,932,694
Investments in Joint Ventures		
FLOW	**20,625**	20,625
PROMEI	**12,038**	12,038
CHI	**1,802**	1,802
	34,465	34,465
Investment in an Associate		
LIPAD		
Balances at beginning of year	**595,000**	425,000
Additions (h)	–	170,000
Balances at end of year	**595,000**	595,000
	₱57,962,706	₱56,562,159

Investments in Subsidiaries

(a) In 2021, the SEC approved the application for increase in authorized capital stock of FDC Ventures, Inc. (FVI), formerly FDC Forex Corporation (FFC), from ₱1,600.0 million, divided into 16.0 million common shares with par value of ₱100.0 per share to ₱6,600.0 million divided into 16.0 million common shares with par value of ₱100.0 per share and 50.0 million of preferred shares with par value of ₱100.0 per share. Of the increase in authorized capital stock of ₱5,150.2 million, preferred shares of ₱2,575.1 million with an additional paid-in capital of ₱2,575.1 million have been subscribed and paid by FDC by way of applying its advances to FVI against the subscription. On the same year, the SEC also approved the change in name of FFC to FVI, its primary purpose to engage in the business of a holding company and the change in its principal business address.

(b) In 2021, the Parent Company redeemed its 10.0 million preferred shares at ₱100.0 per share of FDC Misamis.

(c) In 2022, the Parent Company subscribed to additional 327.7 million shares of FDCI for a subscription price amounting to ₱327.7 million. The Parent Company had paid the subscribed shares.

In 2021, the Parent Company subscribed to additional 399.5 million shares of FDCI for a subscription price amounting to ₱399.5 million. The Parent Company had paid the subscribed shares.

(d) In 2022, the Parent Company subscribed to additional 8.4 million preferred shares at ₱100.0 per share of FHC for a subscription price amounting to ₱840.0 million.

In 2021, the Parent Company subscribed to additional 11.8 million preferred shares at ₱100.0 per share of FHC for a subscription price amounting to ₱1,180.0 million.

(e) In 2022, the Parent Company subscribed to 114.5 million shares of FDEV for a subscription price amounting to ₱229.1 million. The Parent Company has fully paid its subscribed shares.

In 2020, the Parent Company subscribed to 125.0 million shares of FDEV for a subscription price amounting to ₱125.0 million. The Parent Company has paid ₱31.3 million subscribed shares. Remaining subscription payable of ₱93.8 million was paid in full in 2021.

(f) On December 17, 2021, FDC entered into a Share Purchase Agreement to sell portion of its ownership in SPI to FLI and FAI amounting to ₱16.3 million. The resulting ownership interest of FDC, FLI and FAI in SPI after the subscription is 35.0%, 45.0% and 20.0%, respectively. SPI, which was incorporated on November 10, 2020 to engage primarily in the business of providing technical, management, administrative, business process and consultancy services, started its commercial operations in September 2021.

In 2020, the Parent Company subscribed to 25.0 million shares of SPI for a subscription price amounting to ₱25.0 million. The Parent Company has fully paid its subscribed shares in 2021.

(g) In 2021, the Parent Company paid its 2.8 million subscriptions to CWSI at ₱1.0 par value amounting to ₱2.8 million.

Investment in an Associate

(h) In 2021, the Parent Company subscribed to 170.0 million common shares of LIPAD for a subscription price amounting to ₱170.0 million. The Parent Company has fully paid the ₱170.0 million subscribed shares.

In 2020, the Parent Company subscribed to 148.8 million common shares of LIPAD for a subscription price amounting to ₱148.8 million. The Parent Company has fully paid the ₱148.8 million subscribed shares.

10. Investment Properties

The rollforward analysis of this account follows:

	2022			
	Land	**Buildings and Building Improvements**	**Furniture, Fixtures and Other Equipment**	**Total**
		(In Thousands)		
Cost				
Balances at beginning of the year	**₱1,119,896**	**₱1,256,960**	**₱111,172**	**₱2,488,028**
Additions	**751,131**	**–**	**–**	**751,131**
Disposals	**(534,836)**	**–**	**–**	**(534,836)**
Balances at the end of the year	**1,336,191**	**1,256,960**	**111,172**	**2,704,323**
Accumulated depreciation				
Balances at beginning of year	**–**	**350,453**	**111,172**	**461,625**
Depreciation	**–**	**31,150**	**–**	**31,150**
Balances at end of year	**–**	**381,603**	**111,172**	**492,775**
Net book values	**₱1,336,191**	**₱875,357**	**₱–**	**₱2,211,548**

	2021			
	Land	Buildings and Building Improvements	Furniture, Fixtures and Other Equipment	Total
	(In Thousands)			
Cost				
Balances at beginning of the year	**₱1,005,369**	**₱1,256,960**	**₱111,172**	**₱2,373,501**
Additions	**114,527**	**–**	**–**	**114,527**
Balances at the end of the year	**1,119,896**	**1,256,960**	**111,172**	**2,488,028**
Accumulated depreciation				
Balances at beginning of year	**–**	**319,302**	**111,172**	**430,474**
Depreciation	**–**	**31,151**	**–**	**31,151**
Balances at end of year	**–**	**350,453**	**111,172**	**461,625**
Net book values	**₱1,119,896**	**₱906,507**	**₱–**	**₱2,026,403**

Rental income from investment properties amounted to ₱78.8 million and ₱94.8 million in 2022 and 2021, respectively. Depreciation charged as cost of rental services arising from investment properties amounted to ₱31.2 million in 2022 and 2021.

In December 2022, the Parent Company sold its land located in Boracay, Aklan, to Filinvest REIT Corp. (FILRT), with a total consideration of ₱1,047.1 million, resulting to a gain amounting to ₱512.3 million. Simultaneous with the sale, the Parent Company mutually terminated the lease on the related leased properties with Boracay Seascapes, Inc. (BSI, see note 16).

Certain portions of the resort in Mactan, Cebu were physically damaged by Typhoon Odette when it made landfall in December 2021 resulting in halted operations beginning December 16, 2021. The resort has since reopened partially in February 2022, particularly its specialty food and beverage outlet and guest rooms from February and April 2022, respectively, until July 2022 when its renovation and rehabilitation have commenced simultaneously.. The property which is covered by insurance, has received partial insurance claims in 2022, and currently undergoing rehabilitation and renovation.

The aggregate fair value of the Parent Company's investment properties amounted to ₱2,325.4 million and ₱2,140.3 million as of December 31, 2022 and 2021, respectively (see Note 23), based on third party appraisals performed by a SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions.

As of December 31, 2022, out of the total additions to land, ₱423.0 million remained outstanding and these were recognized as part of Accounts payable and other liabilities.

The aggregate fair value was derived on the basis of recent sales of similar properties in the same area as the investment properties, taking into account the economic conditions prevailing at the time the valuations were made.

The Parent Company's investment properties were not pledged or used as collateral to secure any obligation as of December 31, 2022 and 2021.

11. **Property and Equipment**

The rollforward analysis of this account follows:

	2022		
	Furniture, Fixtures and Office Equipment	**Transportation Equipment**	**Total**
		(In Thousands)	
Cost			
Balances at beginning of year	**₱30,734**	**₱13,955**	**₱44,689**
Additions	**855**	**–**	**855**
Balances at end of year	**31,589**	**13,955**	**45,544**
Accumulated depreciation			
Balances at beginning of year	**29,511**	**13,955**	**43,466**
Depreciation (Note 18)	**453**	**–**	**453**
Balances at end of year	**29,964**	**13,955**	**43,919**
Net book values	**₱1,625**	**₱–**	**₱1,625**

	2021		
	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost			
Balances at beginning of year	₱30,065	₱13,955	₱44,020
Additions	669	–	669
Balances at end of year	30,734	13,955	44,689
Accumulated depreciation			
Balances at beginning of year	29,214	13,955	43,169
Depreciation (Note 18)	297	–	297
Balances at end of year	29,511	13,955	43,466
Net book values	₱1,223	₱–	₱1,223

The Parent Company's property and equipment were not pledged or used as collateral to secure any obligation as of December 31, 2022 and 2021.

12. **Other Noncurrent Assets**

This account consists of:

	2022	2021
	(In Thousands)	
Creditable withholding taxes – net of current portion (Note 7)	**₱493,869**	₱–
Refundable deposits	**8,385**	33,818
Others	**75,000**	59,904
	₱577,254	₱93,722

Refundable deposits include deposits for leased office premises which will be refunded upon termination of lease agreement. Others pertain to miscellaneous assets and deposits.

13. **Accounts Payable and Other Liabilities**

This account consists of:

	2022	2021
	(In Thousands)	
Accounts payable	**₱249,462**	₱197,903
Customers' deposits	**483,850**	113,666
Accrued interest (Note 23)	**238,191**	281,017
Retention fees payable	**92,532**	94,462
Accrued expenses	**13,868**	15,187
Others (Note 25)	**1,141,111**	780,838
	2,220,088	1,483,073
Less noncurrent portion:		
Retention payables	**92,532**	94,462
Other liabilities	**500,111**	–
	592,643	94,462
	₱1,627,445	₱1,388,611

Accrued interest expense pertains to interest on bonds and bank loans payable of the Parent Company (see Note 14).

Accounts payable includes liability to contractors. These are generally non-interest bearing and are generally expected to be settled within a year.

Retention fees payable pertains to the amount withheld from the progress billings of the contractors and is released generally 1 year from completion of the construction agreement.

Accrued expenses pertain to various operating expenses incurred by the Parent Company in the course of business such as employee benefits and utilities expense, among others.

Others include provision for probable losses, subscription payable, withholding taxes and other statutory contributions.

14. **Long-term Debt**

Long-term debt consists of:

		2022	2021	Collateral
		(In Thousands)		
a.	Fixed-rate 10-year bonds due in 2024 with aggregate principal amount of ₱8,800.0 million issued on January 24, 2014 with interest rate of 6.1% per annum payable quarterly in arrears.	**₱8,787,611**	₱8,776,525	Clean
b.	Fixed-rate 5-year loan with principal amount of ₱4,842.8 million issued on October 6, 2020 with interest rate of 4.8% per annum, payable semi-annual in arrears.	**4,842,800**	4,842,800	Cash deposit of a subsidiary
c.	Fixed-rate 4.5-year loans with principal amount of ₱4,807.0 million issued on March 10, 2021 with interest rate of 2.5% per annum payable semi-annually in arrears.	**4,781,832**	4,773,893	Cash deposit of a subsidiary

(Forward)

	2022	2021	Collateral
	(In Thousands)		
d. Fixed-rate 5-year loan with principal amount of ₱3,000.0 million obtained on March 20, 2020 with interest rate of 4.5% per annum effective December 2021 and 5.4% per annum in 2020 per annum payable quarterly in arrears.	**₱2,989,056**	₱2,984,640	Clean
e. Fixed-rate 7-year loan with principal amount of ₱3,000.0 million obtained on October 7, 2020 with interest rate of 4.5% per annum payable quarterly in arrears.	**2,983,928**	2,980,987	Clean
f. Fixed-rate 5-year loan with principal amount of ₱2,000.0 million obtained on November 24, 2021 with interest rate of 5.1% per annum payable quarterly in arrears.	**1,988,368**	1,985,659	Clean
g. Fixed-rate 5-year loan with principal amount of ₱1,700.0 million obtained on November 15, 2021 with interest rate of 5.2% per annum payable quarterly in arrears.	**1,690,112**	1,687,810	Clean
h. Fixed-rate 5-year loan with principal amount of ₱1,150.0 million obtained on October 5, 2021 with interest rate of 4.3% per annum payable quarterly in arrears.	**1,143,355**	1,141,765	Clean
i. Fixed-rate 7-year loan with principal amount of ₱1,000.0 million obtained on June 18, 2021 with interest rate of 4.8% per annum payable quarterly in arrears.	**993,896**	992,954	Clean
j. Fixed-rate 5-year loan with principal amount of ₱800.0 million obtained on September 9, 2021 with interest rate of 4.5% per annum payable quarterly in arrears.	**795,382**	794,270	Clean
k. Fixed-rate 5-year loan with principal amount of ₱700.0 million obtained on March 20, 2020 with interest rate of 4.5% per annum effective December 2021 and 5.4% per annum in 2020 payable quarterly in arrears.	**697,447**	696,416	Clean
l. Fixed-rate 5-year loan with principal amount of ₱650.0 million obtained on October 5, 2021 with interest rate of 4.3% per annum payable quarterly in arrears.	**646,239**	645,344	Clean
m. Fixed-rate 5-year loan with principal amount of ₱150.0 million obtained on December 18, 2019 with interest rate of 4.8% per annum payable quarterly in arrears.	**149,457**	149,236	Clean
	₱32,489,483	₱32,452,299	

Below are the current and noncurrent portion of the long-term debt:

	2022	2021
	(In Thousands)	
Current	**₱–**	₱–
Noncurrent	**32,489,483**	32,452,299
	₱32,489,483	₱32,452,299

As of December 31, 2022 and 2021, the unamortized deferred charges related to long-term debt amounted to ₱110.3 million and ₱147.5 million, respectively.

The rollforward of unamortized deferred charges related to long-term debt are as follows:

	2022	2021
	(In Thousands)	
Balances at beginning of year	**₱147,493**	₱117,750
Amortization of debt issuance cost	**(37,184)**	(53,559)
Additions during the year	–	83,302
Balances at end of year	**₱110,309**	₱147,493

Interest expense on long-term debt recognized in the parent company statements of income amounted to ₱1,590.2 million and ₱1,635.9 million in 2022 and 2021, respectively.

Debt Covenant

The agreement covering the fixed rate 10-year local bonds requires maintaining certain financial ratios including debt-to-equity ratio of not more than 2.0x; minimum current ratio of 2.0x and interest coverage ratio of not less than 3.0x. These are calculated based on the consolidated financial statements of the Parent Company and its subsidiaries as defined in the agreement.

The loan agreements also provide restrictions and certain requirements with respect to, among others, making any distribution on its share capital, purchase, redemption or acquisition of any share of the Parent Company, incurrence or assumption of indebtedness outside the ordinary course of business, sale or transfer and disposal of all or a substantial part of its capital assets, utilization of funds, and entering into any partnership, merger, consolidation or reorganization.

As of December 31, 2022 and 2021, the Parent Company has complied with these contractual agreements and has not been cited in default on its outstanding loan obligation.

15. **Equity**

Capital Stock and APIC

The details of the Parent Company's common and preferred shares are as follows (shares in thousands, except par value figures):

	Common Shares	Preferred Shares
Authorized shares	15,000,000	2,000,000
Par value per share	₱1	₱1
Issued shares	9,319,872	–
Treasury shares	671,409	–

On December 22, 1982, the SEC approved the registration of 5,300,000 shares, divided into 5,200,000 Class A shares, and 100,000 class B shares with par value of ₱10.0 per share.

Preferred shares shall have the following features:

(a) not entitled to any voting right or privilege, except in those cases expressly provided by law;
(b) redeemable subject to the terms and conditions to be fixed by the BOD;
(c) entitled to dividends at the rate to be determined by the BOD prior to the issuance of shares, to be payable out of the surplus profits of the Corporation so long as the preferred shares are outstanding; and,
(d) may be subject to such other additional terms and conditions to be fixed by the BOD.

On April 13, 1992, the SEC approved the registration of 144,575,000 common shares with par value of ₱10.0 per share.

On March 10, 1993, the SEC approved the reduction of par value from ₱10.0 to ₱5.0 per share of the Parent Company's common shares which at that time consisted of ₱1,500 million authorized common stocks divided into 90,000,000 shares of Class "A" common shares and 60,000,000 shares of Class "B" common shares.

On December 20, 1993, the stockholders approved the reduction of the par value per share from ₱5.0 to ₱1.0 and to unclassify the Parent Company's capital stock.

On October 15, 2010, the stockholders and BOD of the Parent Company approved the increase in the authorized capital stock of the Parent Company from ₱10,000.0 million, divided into 10,000 million common shares with a par value of ₱1.0 per share to ₱17,000.0 million, divided into 15,000 million common shares with a par value of ₱1.0 per share and 2,000 million non-voting and redeemable preferred shares with a par value of ₱1.0 per share. Article Seven of the Amended Articles of Incorporation of the Parent Company was amended to effect the increase in the authorized capital stock of the Parent Company. On August 19, 2011, the SEC approved the increase in the authorized capital stock of the Parent Company.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2022:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
December 31, 2020	8,648,463	4,035
Movements	–	(18)
December 31, 2021	8,648,463	4,017
Movements	–	(12)
December 31, 2022	8,648,463	4,005

Note: Exclusive of 671,409,400 treasury shares as of December 31, 2022 and 2021, respectively.

Treasury Shares
There was no movement in treasury shares for the years ended December 31, 2022 and 2021.

Dividend Declaration
On April 29, 2022, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱606.6 million or ₱0.07014 per share for every common share of record as of May 20, 2022. This was paid on June 14, 2022.

On April 30, 2021, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱847.55 million or ₱0.098 per share for every common share of record as of May 21, 2021. This was paid on June 15, 2021.

Retained Earnings
Retained earnings are restricted for the payment of dividends to the extent of the cost of the shares held in treasury amounting ₱3,614.5 million as of December 31, 2022 and 2021.

After reconciling items, the Parent Company's retained earnings available for dividend declaration as of December 31, 2022 and 2021 amounted to ₱11,427.3 million and ₱11,715.1 million, respectively.

16. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions and the parties are subject to common control or significant influence, herein referred to as affiliates. Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Parent Company's total assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured and, interest free, unless otherwise stated, and require settlement in cash. As of December 31, 2022 and 2021, the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant transactions with related parties follow:

(a) Cash and Cash Equivalents
The Parent Company maintains cash and short-term deposit accounts with EW, a subsidiary bank. Cash and cash equivalents earn interest at the prevailing short-term investment rates.

(b) Receivables
The Parent Company entered into a lease agreement as a lessor, with MSSI, Boracay Seascapes, Inc. (BSI), Duawon Seascapes Resort, Inc. (DSRI), FDEV and FDC Water Utilities, Inc. (FWUI).

For MSSI, the term of use of its building and properties is for 20 years, renewable for another 25-year term. The subsidiary agreed to pay the Parent Company a monthly minimum rent with 3% escalation every 5 years or based on 20% of gross revenues, whichever is higher.

For BSI, the land being leased out is for 45 years, with a rent-free period of 1 year and a payment term of whichever is higher between ₱2.6 million or fixed lease of ₱2.0 million plus variable lease based on gross operating revenue with percentages of 2% for the next 4 years, 5% for the next five (5) years and 7% for the remaining 35 years. In December 2022, the Parent Company sold the land, and mutually terminated the lease with BSI (see notes 10 and 26).

For DSI, the land being leased out is for 15 years, renewable for another 25 years, with ₱1.0 million monthly fixed lease for the first 2 years; whichever is lower between the sum of monthly fixed lease of ₱1.0 million and variable lease based on 4% of gross operating revenue or the 5% of the gross operating revenues for the next 4 years; and whichever is lower between the sum of monthly fixed lease of ₱1.0 million and variable lease based on 9% of gross operating revenue or the 10% of the gross operating revenues for the remaining 9 years.

For FDEV, the building being leased out is for 5 years, with ₱0.2 million monthly fixed rent for the first 2 years, subject to annual 5% escalation for the next 3 years. The obligation to pay rent began on the commencement date which was on March 1, 2021. In October 2022, FDEV and parent company mutually terminated the said lease (see note 26) .

For FWUI, the land being leased out is for 30 years, with a rent-free period of 3 months and a ₱0.7 million monthly fixed rent for the first year commencing on January 1, 2022, subject to annual escalation of 5%.

(c) Due to/from Related Parties

- Due to/from related parties consist mostly of share of the related parties in various common expenses.

- The Parent Company recognizes dividend income from its investment in subsidiaries when the Parent Company's right to receive payment is established (see Note 20). Outstanding or uncollected dividend receivable is included under Due from related parties account in the parent company statement of financial position as of December 31, 2022 and 2021. This includes outstanding receivable amounting ₱550.0 million from dividend declaration of PSHC.

- The Parent Company purchased sugar inventories from its subsidiaries for sale to third parties until January 31, 2022.

- The Parent Company recognizes management fee based on percentage of the joint venture sales arising from assignment of its rights to the joint venture to FAI. There were no sales by FAI and no management fee was recognized in 2022 and 2021.

(d) Deferred Income
In 2022 and 2021, the Parent Company amortized the deferred income from property and investment exchange transaction with subsidiaries over the life of property which is the subject of exchange.

(e) Long-term Debt
The Parent Company has outstanding loans payable to EW, which was secured by cash deposit of another subsidiary (see Note 14).

(f) Deposit for Future Stock Subscription
The Parent Company has subscribed to the increase in the authorized capital stock of FFC and has paid for such subscription by way of conversion of advances into equity amounting to ₱5,150.2 million in 2018. Through the execution of the Deed of Assignment and Exchange in 2021, FFC approved the conversion of ₱5,150.2 million to equity. Consequently, FDC reclassified the deposit for future stock subscription to investment in subsidiary (see Note 9).

On July 10, 2019, FFC has filed the application for increase in the authorized capital stock to the SEC, which was superseded with a new filing on October 5, 2020 incorporating amendments and changes in its corporate name, primary purpose, principal office, increase of capital stock and amendment of By-laws on change of corporate name. On November 26, 2021, FFC's application has been approved by the SEC.

(g) *Key Management Personnel*
The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱112.1 million and ₱95.7 million in 2022 and 2021, respectively. Post-employment benefits of key management personnel amounted to ₱20.5 million and ₱19.2 million in 2022 and 2021, respectively.

The amounts and the balances arising from significant related party transactions are as follows:

	2022			
	Amount/ Volume	**Due from/ (Due to)**	**Terms**	**Conditions**
	(In Thousands)			
Ultimate Parent Company - ALGI				
Due from related parties [c]	**₱–**	**₱680**	Interest bearing; due within 1 year	Unsecured
• Sharing of expenses	**1,843**	–		
Subsidiaries				
Cash and cash equivalents [a] (Note 4)				
• Cash in banks	–	**351,646**	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Cash equivalents	–	**1,974,162**	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	**9,741**	–	–	–
Rent receivables [b] (Note 5)	**9**	**8,729**		
• Rental income (Note 10)	**76,984**	–	15 to 45-year lease term; renewable for another 25 years	Unsecured
• Rental deposit	**4,552**	–	–	–
Due from related parties [c]		**1,986,173**	Non-interest bearing and due on demand, except for: (i) ₱549.0 million aggregate advances with interest rates ranging from 3.7% to 7.0% per annum and due within 1 to 3 years ;and (ii) ₱ 733 million no interest bearing receivable from sale of investment property due within 2 years	Unsecured; no impairment
• Sharing of expenses	**110,533**	–	–	–
• Operational advances	**2,355,000**	–	–	–
• Dividend income (Notes 9 and 20)	**1,571,962**	–	–	–
• Interest income	**14,628**	–	–	–
• Other income	**1,121,217**	–	–	–
Deferred income [d]	–	**482,736**	Amortized life over useful life of properties which is the subject of exchange	Unsecured
• Finance charge	**18,894**	–	–	–
Long-term debt [e]	–	**4,842,800**	With interest rate of 4.8%, payable in September 2025	Secured
• Interest expense	**231,049**	–	–	–
Due to related parties [c]		**161**	Non-interest bearing; due and demandable	
• Purchases of sugar	**266,721**		–	
Joint ventures				
Due from related parties [c]	–	**53,757**	Non-interest bearing; due and demandable, except for ₱53.0 million with interest rate of 3.5% per annum and due within 1 year	Unsecured; no impairment
• Sharing of expenses	**150**	–	–	–
• Service fees	**1,456**	–	–	–
• Operational advances and interest	**6,681**	–	–	–

	2021			
	Amount/ Volume	Due from/ (Due to)	Terms	Conditions
	(In Thousands)			
Ultimate Parent Company – ALGI				
Due from related parties [c]	₱–	₱414	Interest bearing; due within 1 year	Unsecured
• Sharing of expenses	1,515	–		
Subsidiaries				
Cash and cash equivalents [a] (Note 4)				
• Cash in banks	–	370,267	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Cash equivalents	–	2,819,839	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	8,383	–	–	–
Receivables [b] (Note 5)				
• Rent receivable	₱–	₱207,432	15 to 45-year lease term; renewable for another 25 years	Unsecured
• Rental income (Note 10)	92,750	–	–	–
Due from related parties [c]	56,250	1,171,171	Non-interest bearing and due on demand, except for (a) ₱20.1 million receivable from FAI payable in equal quarterly amortizations until December 31, 2022; and (b) ₱60.0 million aggregate advances with interest rates ranging from 3.1% to 3.6% per annum and due within 1 year.	Unsecured; no impairment
• Sharing of expenses	167,689	–	–	–
• Operational advances	3,306,693	–	–	–
• Dividend income (Notes 9 and 20)	2,724,746	–	–	–
• Interest income	18,230	–	–	–
• Other income		–	–	–
Deferred income [d]	–	501,630	Amortized life over useful life of properties which is the subject of exchange	Unsecured
• Finance charge	18,894	–	–	–
Long-term debt [e]	–	4,842,800	With interest rate of 4.8%, payable in September 2025	Secured
• Interest expense	230,821	–	–	–
Due to related parties [c]	–	67,809	Non-interest bearing; due and demandable	
• Purchases of sugar	2,754,838	–	–	
Joint ventures				
Due from related parties [c]	–	52,948	Non-interest bearing; due and demandable, except for ₱40.0 million with interest rate of 3.1% per annum and due within 1 year	Unsecured; no impairment
• Sharing of expenses	11,755	–	–	–
• Operational advances and interest	340,005	–	–	–
• Dividend income	–	–	–	–

17. **Revenue from Contracts with Customers**

<u>Disaggregated Revenue Information</u>

The Parent Company's disaggregation of each source of revenue from contracts with customers is presented below:

Real Estate Sales

The Parent Company derived its revenue amounting to nil and ₱1.3 million in 2022 and 2021, respectively, from the sale of parking units.

Revenue from sales of fully completed real estate projects where collectability of sales price is reasonably assured is accounted for using the full accrual method.

Sugar Sales
Disaggregation of each source of revenue from contracts with customers is presented below:

	2022	2021
	(In Thousands)	
By Product Type		
Raw sugar	**₱233,095**	₱2,450,075
Molasses	**41,401**	281,031
Refined sugar	–	102,185
Total Revenue from Contracts with Customers	**₱274,496**	₱2,833,291

The Parent Company's revenue from raw sugar, refined sugar and molasses is recognized at the point when control of the goods is transferred to customers. In 2022, FDC ceased on trading sugar and molasses to third parties starting February 1, 2022.

Management Fees
Management fees from administrative functions and other services are recognized when earned.

Contract Balances
Contract balances are as follows:

		2022	
	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivables (Note 5)	**₱4,637**	**₱–**	**₱4,637**
Contract liabilities	**10,757**	–	**10,757**

		2021	
	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivables (Note 5)	₱34,392	₱–	₱34,392
Contract liabilities	33,893	–	33,893

Contracts receivables from real estate sales are collectible in equal monthly principal installments in varying periods of 2 to 5 years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold are transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Parent Company in excess of the amount recognized as contracts receivables. Contract assets are reclassified to contracts receivables when monthly amortization of customer is due for collection.

Contract liabilities include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Performance Obligation
Information about the Parent Company's performance obligations are summarized below:

Real Estate Sales
The Parent Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit pertains to a sale of condominium unit. There is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., 1 to 2 years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from 2 to 5 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability. The performance obligation is satisfied upon delivery of the completed real estate unit.

Sugar Sales
Revenue from sugar sales is recognized at a point when control over the sugar and molasses are transferred to the customer through the endorsement of quedans or physical delivery of the goods.

18. General and Administrative Expenses

This account consists of:

	2022	2021
	(In Thousands)	
Provision for probable losses (Notes 3 and 25)	**₱163,191**	₱–
Professional fees	**78,734**	24,385
Provision for retirement costs (Note 21)	**25,632**	20,440
Transportation	**17,881**	14,345
Entertainment, amusement and recreation	**16,267**	19,628
Taxes and licenses	**10,266**	31,330
Amortization of ROU assets (Note 26)	**4,930**	4,928
Dues and subscription	**3,363**	2,918
Utilities and communication	**2,657**	2,742
Office rental	**2,397**	1,700
Repairs and maintenance	**2,178**	3,572
Security and janitorial services	**2,151**	2,663
Depreciation (Note 11)	**453**	297
Others	**6,243**	9,371
	₱336,343	₱138,319

Professional fees pertain to expenses incurred by the Parent Company for legal, consultancy and audit services.

Others include costs and charges incurred by the Parent Company for stockholders relations, corporate events, supplies and insurance.

19. Selling and Marketing Expenses

This account consists of:

	2022	2021
	(In Thousands)	
Service fee (Note 16)	**₱6,292**	₱11,336
Management fee (Note 16)	**5,995**	5,589
Commission	–	74
Others	**5,549**	9,617
	₱17,836	₱26,616

Others include utilities, furnishing and security expenses of model units, and other sales office and supplies expenses incurred during the year.

20. Dividend Income

	2022	2021
	(In Thousands)	
Subsidiaries (Note 9):		
FLI	**₱743,096**	₱490,496
EW	**360,054**	–
FDC Misamis	**341,250**	406,250
FVI	**127,562**	–
FDCUI	–	1,600,000
PSHC	–	250,000
	₱1,571,962	₱2,746,746

FLI

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.04700 per share or a total of ₱1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 02, 2022. On the same date, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of ₱3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 02, 2022. The share of the noncontrolling interest related to these dividend declarations amounted to ₱378.4 million.

On April 23, 2021, the BOD of FLI approved the declaration of cash dividends in the amount of ₱0.0155 per share to all common stockholders of record as of May 21, 2021 and November 15, 2021 payable on June 15, 2021 and December 9, 2021, respectively. On the same day, the BOD of FLI the declaration of cash dividends in the amount of ₱0.000155 per share to all preferred stockholders of record as of May 21, 2021 and November 15, 2021 payable on June 15, 2021 and December 9, 2021, respectively.

EW
On April 22, 2022, the BOD of EW approved the declaration and payment of cash dividends of ₱0.40 per share or a total of ₱903.0 million for all common stockholders of record as of May 11, 2022 payable on May 31, 2022.

FDC Misamis
On December 7, 2022, the BOD of FDC Misamis approved the declaration and payment of cash dividends to shareholders of preferred shares of record as of December 10, 2022. Dividends received by the Parent Company amounted to ₱341.3 million. This was fully collected in 2022.

On March 10, 2021, the BOD of FDC Misamis approved the declaration and payment of cash dividends to shareholders of preferred shares of record as of March 20, 2020. Dividends received by the Parent Company amounted to ₱406.3 million. This was fully collected in 2021.

FVI
On July 20, 2022, the BOD of FDC Ventures approved the declaration and payment of cash dividends of ₱127.6 million to all shareholders of record as of July 22, 2022 on or before August 5, 2022.

FDCUI
On November 10, 2021, the BOD of FDCUI approved the declaration and payment of cash dividends of ₱400.0 million or ₱17.81 per share for every common share. This was fully collected in 2021.

On August 11, 2021, the BOD of FDCUI approved the declaration and payment of cash dividends of of ₱700.0 million or ₱31.16 per share for every common share. This was fully collected in 2021.

On May 10, 2021, the BOD of FDCUI approved the declaration and payment of cash dividends of of ₱500.0 million or ₱22.26 per share for every common share. This was fully collected in 2021.

PSHC
On September 28, 2021, the BOD of PSHC approved the declaration and payment of cash dividends of ₱150.0 million to all shareholders of record as of September 30, 2021.

21. **Retirement Costs**

The Parent Company has a noncontributory defined benefit retirement plan covering all full-time regular employees. The plan provides for lump-sum benefits equivalent to 100% of the employee’s salary for every year of creditable service. The normal retirement age is 60 years old, however, an employee who attains the age of 55 with 15 years of service and opts for an early retirement is entitled to benefits ranging from 70% to 90% of the normal retirement pay, depending on the age upon retirement.

The following tables summarize the components of retirement costs recognized in the parent company statements of income and retirement liabilities recognized in the parent company statements of financial position.

Changes in the present value of the net DBO and amount included in the parent company statements of financial position as retirement obligation are as follows:

	2022		
	Present Value of DBO	**Fair Value of Plan Asset**	**Net Defined Benefit Liabilities**
		(In Thousands)	
Balances as at beginning of year	**₱276,882**	**(₱7,139)**	**₱269,743**
Net benefit costs in profit or loss			
Current service cost	**16,780**	**–**	**16,780**
Interest cost	**9,088**	**–**	**9,088**
Interest income	**–**	**(236)**	**(236)**
	25,868	**(236)**	**25,632**
Actuarial gain on DBO	**(15,976)**	**–**	**(15,976)**
Transfer out, net of transfer in	**(1,470)**	**–**	**(1,470)**
Return on plan assets, excluding interest income	**–**	**2,489**	**2,489**
Contributions	**–**	**(45,000)**	**(45,000)**
Benefits paid	**(35,416)**	**35,416**	**–**
Balances as at end of year	**₱249,888**	**(₱14,470)**	**₱235,418**

	2021		
	Present Value of DBO	Fair Value of Plan Asset	Net Defined Benefit Liabilities
		(In Thousands)	
Balances as at beginning of year	₱256,250	(₱6,947)	₱249,303
Net benefit costs in profit or loss			
Current service cost	12,213	–	12,213
Interest cost	8,419	–	8,419
Interest income	–	(192)	(192)
	20,632	(192)	20,440
Balances as at end of year	₱276,882	(₱7,139)	₱269,743

The costs of defined benefit retirement plan as well as the present value of the retirement liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

In 2021, certain employees of FLI were transferred to FDC. The related retirement benefits of these employees amounting to ₱12.1 million as of December 31, 2021 was also transferred with a corresponding receivable from FLI (see Note 16).

The principal assumptions used in determining retirement liability for the defined benefit retirement plan are as follows:

	2022	2021
Discount rate	**6.8%**	3.3%
Salary increase rate	**7.0%**	7.0%

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the retirement liabilities. Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level for the remaining life of the obligation.

The sensitivity analysis for significant assumptions as at December 31, 2022 and 2021 is shown below:

	Increase (Decrease) in Basis Points	Increase on DBO
Discount rates	+100	₱243,355
	-100	257,368
Salary rates	+100	257,279
	-100	243,309

Shown below is the maturity analysis of the undiscounted benefit payments of the Parent Company:

	2022	2021
	(In Thousands)	
Less than 1 year	**₱239,440**	₱240,518
More than 1 year and up to 5 years	**1,265**	305
More than 5 years and up to 10 years	**37,271**	3,802

22. Income Tax

Provision for (benefit from) income tax consists of:

	2022	2021
	(In Thousands)	
Current	**₱6,242**	₱1,107
Deferred	**1,557**	24,909
	₱7,799	₱26,016

The current provision for income tax in 2022 and 2021 represents MCIT.

The components of the Parent Company's net deferred income tax assets and liabilities are as follows:

	2022	2021
	(In Thousands)	
Deferred tax assets on:		
Retirement liabilities	**₱58,854**	₱66,011
Provision for accrual	**1,506**	1,505
Lease liabilities	**9,497**	10,393
Allowance for impairment loss	**6**	6

(Forward)

	2022	2021
	(In Thousands)	
Unamortized past service cost	**₱3,281**	₱2,877
Actuarial loss in OCI	**4,057**	317
	77,201	81,109
Deferred tax liabilities on:		
Unrealized foreign exchange gain	**(21,356)**	(23,049)
Revaluation increment in land	**(16,547)**	(16,547)
ROU asset	**(7,394)**	(8,627)
Actuarial gain in OCI	**(8,743)**	(8,168)
	(54,040)	(56,391)
	₱23,161	₱24,718

Deferred tax assets are recognized only to the extent that future taxable income will be available against which the deferred tax assets can be used.

As of December 31, the Parent Company did not recognize deferred tax assets on the following:

	2022	2021
	(In Thousands)	
NOLCO	**₱3,671,380**	₱3,333,038
Provision for probable losses	**898,000**	800,000
MCIT	**16,636**	19,003

The related deferred tax asset on those temporary differences amounted to nil as of December 31, 2022 and 2021, respectively.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act") which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The carryforward benefits of NOLCO and excess of MCIT over the RCIT, which can be claimed by the Parent Company as credits against RCIT, are as follows:

Year Incurred	NOLCO	MCIT	Expiry Date
	(In Thousands)		
2022	₱1,167,173	₱6,242	December 31, 2025
2021	1,707,703	1,107	December 31, 2024*
2020	796,504	9,287	December 31, 2023**
	₱3,671,380	₱16,636	

**December 31, 2026 for NOLCO*
***December 31, 2025 for NOLCO*

The movements in NOLCO and MCIT are as follows:

	NOLCO		MCIT	
	2022	2021	**2022**	2021
	(In Thousands)			
Balances at beginning of year	**₱3,333,038**	₱2,050,718	**₱19,003**	₱30,363
Addition	**1,167,173**	1,707,703	**6,242**	1,107
Expired	**(828,831)**	(425,383)	**(8,609)**	(12,467)
Balances at end of year	**₱3,671,380**	₱3,333,038	**₱16,636**	₱19,003

The reconciliation of the provision for income tax computed at the statutory tax rate to the actual provision for income tax follows:

	2022	2021
	(In Thousands)	
Income tax at statutory rate	**₱74,901**	₱278,571
Adjustments for the income tax effect of:		
Nontaxable dividend income	**(392,990)**	(686,687)
Movement in unrecognized deferred tax asset	**303,470**	423,835
Nondeductible expenses	**8,295**	7,075
Interest income subjected to final tax	**(19,073)**	(5,050)
Provision for probable loss	**33,196**	–
Effect of change in tax rates	–	8,272
	₱7,799	₱26,016

Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE"
To attract more investments and maintain fiscal prudence and stability in the Philippines, Republic Act (RA) 11534 or The CREATE Act was signed into law on March 26, 2021. The CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication on April 11, 2021.

- Reduction in current income tax rate effective July 1, 2020;
- Proprietary educational institutions and hospitals which are nonprofit previously subject to a tax of 10% on their taxable income, shall be imposed a tax rate of 1% beginning July 1, 2020 until June 30, 2023;
- Increased threshold on sale of real estate properties that is exempt from VAT;
- Regional operating headquarters of multinational companies previously subject to a tax of 10% on their taxable shall be subject to the regular corporate income tax effective December 31, 2020; and
- Effective July 1, 2020 until June 30, 2023, the MCIT rate shall be 1%.

The impact of the reduction in income tax rate from 30% to 25% is recognized in the 2021 financial statements.

23. Fair Value Measurement and Financial Risk Management Objectives and Policies

Fair Value Measurement

The following table sets forth the carrying and fair values of assets and liabilities recognized as of December 31, 2022 and 2021:

	2022				
		Fair Value			
	Carrying Value	Total	Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 8)					
Investments in shares of stock					
Quoted	**₱224,768**	**₱224,768**	**₱224,400**	**₱368**	**₱–**
Unquoted	**20,148**	**20,148**	–	–	**20,148**
	244,916	**244,916**	**224,400**	**368**	**20,148**
Assets for which fair values are disclosed					
Financial assets at amortized cost					
Receivables					
Contracts receivables (Note 5)	**4,637**	**4,637**	**–**	**–**	**4,637**
Refundable deposits (Note 12)	**8,385**	**8,385**	**–**	**–**	**8,385**
	13,022	**13,022**	**–**	**–**	**13,022**
Non-financial assets					
Investment properties (Note 10)	**2,211,548**	**2,325,396**	**–**	**–**	**2,325,396**
Total assets	**₱2,469,486**	**₱2,583,334**	**₱224,400**	**₱368**	**2,358,566**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and other liabilities* (Note 13)	**₱1,605,017**	**₱1,605,017**	**₱–**	**₱–**	**₱1,605,017**
Long-term debt (Note 14)	**32,489,483**	**42,952,871**	–	–	**42,952,871**
Lease liabilities (Note 26)	**37,989**	**38,010**	–	–	**38,010**
Total liabilities	**₱34,132,489**	**₱44,595,898**	**₱–**	**₱–**	**₱44,595,898**

**Excluding statutory payables*

	2021				
		Fair Value			
	Carrying Value	Total	Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 8)					
Investments in shares of stock					
Quoted	₱178,518	₱178,518	₱178,150	₱368	₱–
Unquoted	20,148	20,148	–	–	20,148
	198,666	198,666	178,150	368	20,148
Assets for which fair values are disclosed					
Financial assets at amortized cost					
Receivables					
Contracts receivables (Note 5)	34,392	34,392	–	–	34,392
Refundable deposits (Note 12)	33,818	33,818	–	–	33,818
	68,210	68,210	–	–	68,210
Non-financial assets					
Investment properties (Note 10)	2,026,403	2,140,250	–	–	2,140,250
Total assets	₱2,293,279	₱2,407,126	₱178,150	₱368	₱2,228,608
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and other liabilities* (Note 13)	₱1,388,611	₱1,388,611	₱–	₱–	₱1,388,611
Long-term debt (Note 14)	32,452,299	43,270,685	–	–	43,270,685
Lease liabilities (Note 26)	41,575	44,235	–	–	44,235
Total liabilities	₱33,882,485	₱44,703,531	₱–	₱–	₱44,703,531

**Excluding statutory payables*

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

- *Cash and cash equivalents and contract receivables*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Financial assets at FVOCI:* Fair values were determined using quoted market prices at reporting date. The costs of financial assets at FVOCI not quoted in an active market approximate fair values since there is insufficient information available to determine the fair values and there are no indicators that cost might not be representative of fair values.

- *Derivative assets:* Fair values of derivative assets, were valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is forward pricing, which uses present value calculations. The model incorporates various inputs including the foreign exchange rates and interest rate curves prevailing at the statement of financial position date.

- *Accounts payable and other liabilities:* Due to the short-term nature of these accounts, fair values approximate carrying amounts.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing was based on the discounted value of future cash flows using the applicable risk free rates for similar types of loans adjusted for credit risk. Discount rate for the determination of fair values ranges from 5.2% to 8.0% and 2.1% to 4.8% in 2022 and 2021, respectively.

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise of cash and cash equivalents, receivables, due from and to related parties, and financial assets at FVOCI, short-term deposit, refundable deposits, accounts payable and other liabilities, long-term debts. The main purpose of these financial instruments is to raise financing for the Parent Company's operations.

The main objectives of the Parent Company's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Parent Company's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Parent Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Parent Company's financial instruments are liquidity risk and credit risk. The Parent Company also monitors the market price risk arising from all financial instruments.

Liquidity Risk
The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Parent Company's policy is to manage its cash flows by continuously monitoring the cash flows for interest payment and bank and notes principal payment.

The tables below summarize the maturity profile of the Parent Company's financial liabilities as of December 31, 2022 and 2021 based on contractual undiscounted payments:

	2022						
	On Demand	Less than 3 months	3 months to 1 year	>1 year to 3 years	>3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial liabilities at Amortized Cost							
Accounts payable and other liabilities (Note 13)							
Accounts payable	₱55,343	₱–	₱271,978	₱151,036	₱–	₱–	₱478,357
Accrued interest	238,191	–	–	–	–	–	238,191
Customer deposits	473,094	–	–	–	–	–	473,094
Retention fees payable	–	–	–	92,532	–	–	92,532
Other payables*	10,734	–	–	–	–	–	10,734
	777,362	–	271,978–	243,568	–	–	1,292,908
Due to related parties (Note 16)	23,336	–	–	–	–	–	23,336
Long-term debt (Note 14)	–	–	–	23,299,800	8,766,667	423,016	32,489,483
Future interest payable	–	482,142	1,097,387	2,052,421	553,869	13,020	4,198,839
	23,336	482,142	1,097,387	25,352,221	9,320,536	436,036	36,711,658
	₱800,698	₱482,142	₱1,369,365	₱25,595,789	₱9,320,536	₱436,036	₱38,004,566

**Other payables exclude nonfinancial liabilities.*

	2021						
	On Demand	Less than 3 months	3 months to 1 year	>1 year to 3 years	>3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial liabilities at Amortized Cost							
Accounts payable and other liabilities (Note 13)							
Accounts payable	₱197,903	₱–	₱–	₱–	₱–	₱–	₱197,903
Accrued interest	281,017	–	–	–	–	–	281,017
Customer deposits	113,666	–	–	–	–	–	113,666
Retention fees payable	–	–	–	94,462	–	–	94,462
Other payables*	5,478	–	–	–	–	–	5,478
	598,064	–	–	94,462	–	–	692,526
Due to related parties (Note 16)	67,809	–	–	–	–	–	67,809
Long-term debt (Note 14)	–	–	–	9,241,667	20,666,467	2,541,667	32,449,801
Future interest payable	–	241,637	1,337,272	2,756,769	1,320,975	121,465	5,778,118
	67,809	241,637	1,337,272	11,998,436	21,987,442	2,663,132	38,295,728
	₱665,873	₱241,637	₱1,337,272	₱12,092,898	₱21,987,442	₱2,663,132	₱38,988,254

**Other payables exclude nonfinancial liabilities.*

The tables below summarize the maturity profile of the Parent Company's financial assets held to manage liquidity as of December 31, 2022 and 2021:

	2022				
	On Demand	Less than 3 months	3 months to 1 year	>1 year to 3 years	Total
			(In Thousands)		
Financial assets at amortized cost					
Cash and cash equivalents (Note 4)	₱5,317,226	₱–	₱–	₱–	₱5,317,226
Receivables (Note 5)					
Rent receivable	8,729	–	–	–	8,729
Contracts receivables	4,637	–	–	–	4,637
Others	8,726	–	–	–	8,725
Due from related parties (Note 16)	2,040,610	–	–	–	2,040,610
	7,379,928	–	–	–	7,379,927
Financial assets at FVOCI					
Investments in shares of stocks (Note 8)					
Quoted	₱–	₱–	₱–	₱224,768	₱224,768
Unquoted	–	–	–	20,148	20,148
	–	–	–	244,916	244,916
	₱7,379,928	₱–	₱–	₱244,916	₱7,624,843

	2021				
	On Demand	Less than 3 months	3 months to 1 year	>1 year to 3 years	Total
			(In Thousands)		
Financial assets at amortized cost					
Cash and cash equivalents (Note 4)	₱7,207,285	₱–	₱–	₱–	₱7,207,285
Receivables (Note 5)					
Contracts receivables	207,432	–	–	–	207,432
Rent receivable	34,392	–	–	–	34,392
Others	8,592	–	–	–	8,592
Due from related parties (Note 16)	1,224,533	–	–	–	1,224,533
	8,682,234	–	–	–	8,682,234
Financial assets at FVOCI					
Investment in shares of stock (Note 8)					
Quoted	₱–	₱–	₱–	₱178,518	₱178,518
Unquoted	–	–	–	20,148	20,148
	–	–	–	198,666	198,666
	₱8,682,234	₱–	₱–	₱198,666	₱8,880,900

Credit Risk
It is the Parent Company's policy that buyers who wish to avail the in-house financing scheme are subject to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents and financial assets at amortized costs, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Parent Company's high-grade receivables pertain to rent receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Parent Company has not noted any extraordinary exposure which calls for a substandard grade classification.

Foreign Currency Risk
The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Parent Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). Philippine Dealing System (PDS) closing rates used are ₱56.12 and ₱51.00 on December 31, 2022 and 2021. There is no other impact on the Parent Company's equity other than those already affecting the profit and loss.

	Increase (decrease) in US dollar rate	Effect on income before income tax (In Thousands)
2022	**10.04%**	**₱118,018**
	-10.04%	**(118,018)**
2021	6.21%	₱86,030
	-6.21%	(86,0430)

The sensitivity analysis shown above is based on the assumption that movement in USD-Peso exchange rate will most likely be limited to 10.04% and 6.21% upward or downward fluctuation in 2022 and 2021 respectively. The Parent Company, used as basis of these assumptions, the annual percentage change in USD exchange rate as obtained from Bangko Sentral ng Pilipinas. Effect on the Parent Company's income before tax is computed on the carrying amount of the Parent Company's USD-denominated financial assets (cash and cash equivalents, and short-term deposits) and financial liabilities (due to related parties) as of December 31, 2022 and 2021.

24. **Capital Management**

Objective
The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder's value.

Policy and Procedure
The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives and policies of processes during the years ended December 31, 2022 and 2021.

The Parent Company monitors capital using a gearing ratio which is long-term debt divided by total equity. The Parent Company's policy is to keep the debt to equity ratio not to exceed 2:1.

	2022	2021
	(In Thousands)	
Long-term debt (Note 14)	**₱32,489,483**	₱32,452,299
Total equity (Note 15)	**33,052,875**	33,306,467
Debt-to-equity ratio	**0.98:1**	0.97:1

25. **Contingencies and Commitments**

Contingencies and Provisions
The Parent Company is involved in legal actions, claims and contingencies incident to its ordinary course of the business. Management believes that any amount the Parent Company may have to pay in connection with any of these matters would not have a material adverse effect on the Parent Company's financial position or operating results.

The information normally required by PAS 37 is not disclosed as it may prejudice the outcome of the proceedings.

On December 13, 2020, FDC entered into a Share Purchase Agreement for the purchase of all the issued shares of Choengmon Real Estate Company Limited (CRE), a limited liability company established under the laws of Thailand, which is currently developing an international five-star luxury quality resort. The resort shall be operated by FDC's subsidiary under the Crimson brand. Closing and completion of the transaction is subject to the satisfaction of certain conditions precedent and completion requirements by each of the parties. In 2020, both FDC and CRE have terminated the Agreement. The information normally required by PAS 37 is not disclosed as it may prejudice the outcome of the proceedings

26. **Lease Commitments**

Operating Leases - Parent Company as Lessor
The Parent Company, as a lessor, has future minimum rental receivables under renewable operating leases as of December 31, 2022 and 2021 as follows:

	2022	2021
	(In Thousands)	
Within 1 year	**₱28,512**	₱53,636
After 1 year but not more than 5 years	**118,607**	213,516
More than 5 years	**499,564**	1,310,396
	₱646,683	₱1,577,548

The Parent Company entered into lease agreements with MSSI, BSI, DSRI and FDEV, covering land, building and properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. The lease contracts with MSSI and DSRI are renewable for another 25-year term, while the lease agreements with FDEV and BSI were mutually terminated in October and December 2022, respectively.

Rental income recognized based on either fixed monthly rent or a percentage of the gross revenue of tenants amounted to ₱78.8 million and ₱94.8 million in 2022 and 2021, respectively.

Rental Services
Rental income arising from investment properties is accounted for based on a certain percentage of the gross revenue of tenants, pursuant to the terms of the lease contracts. Leases under contingent rents are recognized as income in the period in which they are earned.

Operating Leases - Parent Company as Lessee
The Parent Company has lease contracts for its office spaces as of January 1, 2020. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. The Parent Company has entered into lease arrangements with lease term of 10 years.

Set out below are the carrying amounts of ROU assets recognized and the movements as of and for the year ended December 31, 2022 (amounts in thousands):

	2022	2021
	(In Thousands)	
Cost		
Balances at beginning and end of year	**₱48,949**	₱48,949
Accumulated Amortization		
Balances at beginning of year	**14,442**	9,514
Amortization	**4,930**	4,928
Balances at end of year	**19,372**	14,442
Net Book Value	**₱29,577**	₱34,507

As at December 31, 2022, the rollforward analysis of lease liabilities follows (amounts in thousands):

	2022	2021
	(In Thousands)	
At January 1,	**₱41,575**	₱44,592
Accretion of interest expense	**3,224**	3,489
Payments	**(6,810)**	(6,506)
As at December 31, 2021	**₱37,989**	₱41,575
Lease liabilities - current portion	**₱7,151**	₱6,810
Lease liabilities - net of current portion	**₱30,838**	₱34,765

The following are the amounts recognized in the parent company statement of income for the year ended December 31, 2022 (amounts in thousands):

	2022	2021
Amortization expense of ROU assets (Note 18)	**₱4,930**	₱4,928
Interest expense on lease liabilities (Note 2)	**3,224**	3,489
Rent expense - short-term leases (Note 18)	**2,397**	1,700

27. Segment Reporting

For management purposes, the Parent Company is organized into real estate and sugar operating segments about which separate financial information are available and are evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Parent Company derives its revenue from the following:

Real Estate
Through its subsidiaries, the Parent Company is involved in acquisition of land, planning and development of large-scale fully integrated residential and commercial communities; development and sale of residential and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of residential, housing and condominium and office buildings; development of farm estates, industrial and business parks; operation of cinema and mall; and property management.

Sugar Operations
This involves purchase of raw sugar, refined sugar and molasses from Davao Sugar Central Company, Inc. and Cotabato Sugar Central Company, Inc., subsidiaries of PSHC, and sale to third parties.

28. Notes to Statement of Cash Flows

Changes in liabilities arising from financing activities are as follows:

For the year ended December 31, 2022:

	January 1, 2022	Cash flows	Noncash movement	December 31, 2022
		(In Thousands)		
Long-term debt (Note 14)	**₱32,452,299**	**₱–**	**₱37,184**	**₱32,489,483**
Accrued interest (Note 13)	**281,017**	**(1,635,665)**	**1,592,839**	**238,191**
Dividends payable (Note 13)	**–**	**(606,603)**	**606,603**	**–**
Lease liabilities (Notes 2 and 26)	**41,575**	**(6,810)**	**3,224**	**37,989**
Due to related parties	**67,809**	**(67,648)**	**–**	**161**
Total liabilities from financing activities	**₱32,842,700**	**(₱2,316,726)**	**₱2,239,850**	**₱32,765,824**

Noncash movements include the effects of amortization of debt issuance costs (see Note 14) and declaration of cash dividends (see Note 15).

For the year ended December 31, 2021:

	January 1, 2021	Cash flows	Noncash movement	December 31, 2021
		(In Thousands)		
Long-term debt (Note 14)	₱29,175,050	₱3,307,000	(₱29,751)	₱32,452,299
Accrued interest (Note 13)	219,559	(1,601,463)	1,662,921	281,017
Dividends payable (Note 13)	–	(847,550)	847,550	–
Lease liabilities (Notes 2 and 26)	44,592	(6,506)	3,489	41,575
Due to related parties	103,921	(36,112)	–	67,809
Total liabilities from financing activities	₱29,543,122	₱815,369	₱2,484,209	₱32,842,700

Noncash movements include the effects of amortization of debt issuance costs (see Note 14) and declaration of cash dividends (see Note 15).