COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						3	9	2	4	3

COMPANY NAME

IMPERIAL RESOURCES,

INCORPORATED AND SUBSIDIARY

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

UNIT 202 VILLA BUILDING,

NO. 78 JUPITER STREET CORNER

MAKATI AVENUE, BARANGAY

BEL-AIR, MAKATI CITY,

METRO MANILA

Form Type	Department requiring the report	Secondary License Type, if Applicable
ACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
impsecinc@gmail.com	8721-4648	0917-5260503

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
1666	JULY 14	DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JESUS VICENTE B. CAPELLAN	jvicentecapella-n@yahoo.com	8831-4719	09177931475

CONTACT PERSON's ADDRESS

UNIT 202 VILLA BUILDING, NO. 78 JUPITER STREET CORNER MAKATI AVENUE, BRGY. BEL-AIR, MAKATI CITY, 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.

Note 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.

IMPERIAL RESOURCES, INC. AND SUBSIDIARY
82-J 4th Street, New Manila, Quezon City
Telephone No. 724-2986 * Fax No. 721-4648

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Securities and Exchange Commission (SEC)
Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City
Philippines

The management of **IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY (the Parent Entity and Subsidiary)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with Philippine Financial Reporting Standards (PFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

VILLARUZ, VILLARUZ & CO., CPAs, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

HORACIO M. PASCUAL
Chairman of the Board

OLIVERIO L. LAPERAL, JR.
President / Chief Executive Officer

DESIDERIO L. LAPERAL
Vice President / Chief Financial Officer

Signed this 28th day of April, 2023

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

BEFORE ME, the undersigned Notary Public for and in, this APR 17 2023 personally appeared the following affiants with their respective Passport Numbers/TIN No. as follows:

NAME	PASSPORT NO./TIN NO.	ISSUED / EXPIRE
Horacio M. Pascual	129-864-346-000	
Desiderio L. Laperal	P5651619A	Jan. 17, 2018 / Jan. 16, 2028
Oliverio L. Laperal, Jr.	P4468234B	Jan. 21, 2020 / Jan. 20, 2030

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

NOTARY PUBLIC
ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP-204 (2023-2024)

Doc. No. 187;
Page No. 39;
Book No. XXXIII;
Series of 2023.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of
IMPERIAL RESOURCES, INCORPORATED
82-J 4th Street, Barangay Mariana, New Manila
Quezon City

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of IMPERIAL RESOURCES, INCORPORATED (the Company) which comprise the statements of financial position as at December 31, 2022, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IMPERIAL RESOURCES, INCORPORATED as at December 31, 2022, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements as at and for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of Investment property
Refer to Note 13 in the financial statements.

Management had estimated the fair value of the Company's investment property to be P889,000,000 as at December 31, 2022 with an unrealized revaluation gain for the year ended December 31, 2022 recorded in the statements of comprehensive income of P19,000,000. Independent external valuation was obtained in order to support management's estimates. The valuation is dependent on certain key

assumptions that require significant management judgment including selection of fair value technique to determine the carrying value of the investment property. Such fair value was determined based on recent prices of similar properties, with corresponding adjustments to reflect any changes in economic conditions affecting the latest valuation.

Our procedures in relation to management's valuation of investment property included:

- Evaluation of the independent external valuer's competence, capabilities and objectivity;
- Assessment of the methodologies used, and the appropriateness of the key assumptions based on our knowledge of the property industry; and
- Checking, on a sample basis, the accuracy and relevance of the input data used.

We found that the key assumptions used were supported by appropriate supporting documents and available market data. The fair market value of the property was determined using the Sales Comparison Approach which considered the sale of similar, or substitute properties and related market data were determined to be reasonable and acceptable. We found the disclosures in Note 13 to be appropriate.

Recoverability of Exploration and Evaluation Assets
Refer to Note 14 in the financial statements.

The ability of the Company to recover its exploration and evaluation assets depends on the commercial viability of the mineral resources. The carrying value of the exploration and evaluation assets as at December 31, 2022 amounted to P33,658,232. This matter is important to our audit because of the significant management judgment involved in performing the impairment and recoverability review of the account.

Our procedures in relation to management's assessment on the recoverability of exploration and evaluation assets included the following:

- Obtained the status of the Company's exploration and evaluation projects in Indonesia as of December 31, 2022;
- Reviewed the terms of contracts, agreements, and reports pertaining to the geologic and geophysical survey and improved operating license agreements and permits of the exploration and evaluation projects to determine the right of the Company to explore in specific areas; and
- Reviewed management's assessment on the impairment of the exploration and evaluation assets by evaluating the conditions pertaining to recognition of impairment losses under PFRS 6 and its recoverability awaiting the definitive response about the status of their project from their Indonesian partners.

As of the current reporting period, the Company's management has determined that there are indicators of impairment for its exploration and evaluation assets, which are subject to PFRS 6. These indicators of impairment are primarily due to the fact that the period for which the entity has the right

to explore in the specific area has not been explored due to several factors during the period or will expire in the near future and a possibility for its renewal is still uncertain.

Emphasis of a Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which discloses impairment losses on exploration and evaluation assets during the year amounting to P16M. The management decisions to take up impairment losses on E&E assets, in relation to paragraph 20 of the Philippine Financial Reporting Standards (PFRS) 6, for the following reasons:

i) The management is still awaiting the technical, financial, and developmental reports from its Indonesian partners, especially on the current status of Production Operations Mining Agreement issued by the Indonesian government on April 28, 2014.
ii) While the mining agreement has term of twenty (20) years, management is not certain if it can be renewed under government prescribed conditions of Indonesia;
iii) That management cannot prepare a definite budget or developmental plan for it to continue its exploration activities until it receives the requested reports.

These matters do not affect our opinion on the financial statements, but they are of such significance that we consider it necessary to draw attention to them. Accordingly, we have included this Emphasis of Matter paragraph to highlight the importance of these matters to the users of the financial statements.

Other Information

The Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A and Annual Report for the year ended December 31, 2022 but does not include the financial statements and our auditors report thereon. The SEC Form 17-A and Annual Report for the year ended December 31, 2022, are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially consistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Villaruz, Villaruz & Co., CPAs

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses and additional disclosure requirements on schedule in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VILLARUZ, VILLARUZ & CO., CPAs
000-889-941

By:

NORMITA L. VILLARUZ
CPA Certificate No. 36181
PRC ID No. 0036181 valid until September 20, 2024
PTR No. 4003455D issued on January 19, 2023 at Quezon City
BIR Accreditation No. (Individual) 07-100207-001-2020 issued on November 25, 2020 valid until November 24, 2023
BIR Accreditation No. (Firm) 07-000438-005-2020 issued on October 28, 2020 valid until October 27, 2023
SEC Accreditation No. (Individual) 36181-SEC (Group A) issued on November 10, 2022 for 2022 audit period covered
SEC Accreditation No. (Firm) 0058-SEC (Group A) issued on November 10 2022 for 2022 audit period covered
T.I.N. 101-825-674
BOA/PRC Registration No. 0058 issued on May 24, 2021 valid until June 26, 2024

Quezon City, Philippines
April 28, 2023

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY

REPORT ON EXAMINATION OF CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022, 2021 and 2020

VILLARUZ, VILLARUZ & CO., CPAs

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2022, 2021 and 2020
(All amounts in Philippine Peso)

ASSETS

	Notes	2022	2021	2020
CURRENT ASSETS				
Cash and cash equivalents	3, 8	**3,123,310**	2,514,408	2,908,003
Other receivables	3, 9	**11,600**	56	6,862
Prepayments	3, 10	**24,680**	23,875	24,495
Total Current Assets		**3,159,590**	2,538,339	2,939,360
NON-CURRENT ASSETS				
Investment in stocks	3, 11	**80,000**	80,000	80,000
Property and equipment, net	3, 12	**-**	2	2
Investment property	3, 13	**889,000,000**	870,000,000	830,000,000
Exploration and evaluation assets	3, 14	**33,648,232**	50,472,348	50,472,348
Refundable deposit	3, 15	**-**	4,500	45,000
Deferred tax asset	3, 16	**1,037,712**	1,005,523	1,199,398
Total Non-current Assets		**923,765,944**	921,562,373	881,796,748
TOTAL ASSETS		**926,925,534**	924,100,712	884,736,108

LIABILITIES AND EQUITY

CURRENT LIABILITIES				
Accruals and other payables	3, 17	**1,792,169**	1,246,603	768,864
NON-CURRENT LIABILITIES				
Advances from shareholders	3, 19	**62,054,840**	55,716,154	50,433,840
Retirement benefits payable	3, 18	**4,150,847**	4,022,092	3,997,992
Total Non-current Liabilities		**66,205,687**	59,738,246	54,431,832
TOTAL LIABILITIES		**67,997,856**	60,984,849	55,200,696
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	3, 20	**636,563,546**	636,563,546	636,563,546
Remeasurement on retirement benefits payable	3, 18	**(3,329)**	13,355	(64,056)
Retained earnings	3	**222,614,444**	226,783,165	193,277,050
		859,174,661	863,360,066	829,776,540
NON-CONTROLLING INTEREST	3, 26	**(246,983)**	(244,203)	(241,128)
TOTAL EQUITY		**858,927,678**	863,115,863	829,535,412
TOTAL LIABILITIES AND EQUITY		**926,925,534**	924,100,712	884,736,108

(See Notes to Financial Statements)

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2022, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
OTHER INCOME				
Gain from investment property revaluation unrealized	13	**19,000,000**	40,000,000	39,500,000
Interest income	8, 9	**3,754**	1,153	3,098
Unrealized gain on foreign exchange, net	8, 23	**242,952**	124,424	-
Total Other Income		**19,246,706**	40,125,577	39,503,098
ADMINISTRATIVE EXPENSES	25	**23,444,834**	6,454,466	6,402,911
PROFIT (LOSS) BEFORE INCOME TAX		**(4,198,128)**	33,671,111	33,100,187
INCOME TAX EXPENSE (BENEFIT) - DEFERRED		**(26,627)**	168,071	238,658
PROFIT (LOSS) FOR THE YEAR		**(4,171,501)**	33,503,040	32,861,529
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified to profit or loss:				
Remeasurements on retirement benefits payable, net of tax	18	**(16,684)**	77,411	(210,396)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		**(4,188,185)**	33,580,451	32,651,133
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the parent		**(4,168,721)**	33,506,115	32,863,924
Non-controlling interest	3, 26	**(2,780)**	(3,075)	(2,395)
		(4,171,501)	33,503,040	32,861,529
TOTAL COMPREHENSIVE PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the parent		**(4,185,405)**	33,583,526	32,653,528
Non-controlling interest	3, 26	**(2,780)**	(3,075)	(2,395)
		(4,188,185)	33,580,451	32,651,133
EARNINGS PER SHARE:				
Basic	3, 27	**(0.01)**	0.05	(0.00)
Diluted	3, 27	**(0.01)**	0.05	(0.00)

(See Notes to Financial Statements)

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022, 2021 and 2020
(All amounts in Philippine Peso)

		Equity Attributable to Equity Holders of Parent Entity				
	Note	Share Capital	Remeasurements on retirement benefits payable	Retained Earnings (Deficit)	Equity Attributable to Equity Holders of the Non-controlling Interest (Note 26)	Total Equity
SHARE CAPITAL						
Authorized 1,800,000,000 shares at P1 par value per share — 1,800,000,000	20					
Issued and Subscribed 652,500,000 shares at P1 par value per share — 652,500,000	20					
Subscription Receivable — 15,936,454	20					
Paid- up 636,563,546 shares at P1 par value per share — 636,563,546						
Balance at January 1, 2020		**636,713,546**	**146,340**	**160,413,128**	**(238,735)**	**796,884,279**
Total comprehensive income (loss):						
Profit for the year		-	-	32,863,924	(2,395)	32,861,529
Other comprehensive loss for the year	18	-	(210,396)	-	-	(210,396)
Total comprehensive income (loss) for the year		-	(210,396)	32,863,924	(2,395)	32,651,133
Balance at December 31, 2020		**636,713,546**	**(64,056)**	**193,277,052**	**(241,130)**	**829,535,412**
Total comprehensive income (loss):						
Profit for the year		-	-	33,506,115	(3,075)	33,503,040
Other comprehensive income for the year	18	-	77,411	-	-	77,411
Total comprehensive income (loss) for the year		-	77,411	33,506,115	(3,075)	33,580,451
Balance at December 31, 2021		**636,713,546**	**13,355**	**226,783,167**	**(244,205)**	**863,115,863**
Total comprehensive income (loss):						
Profit for the year		-	-	(4,168,721)	(2,780)	(4,171,501)
Other comprehensive income for the year	18	-	(16,684)	-	-	(16,684)
Total comprehensive income (loss) for the year		-	(16,684)	(4,168,721)	(2,780)	(4,188,185)
Balance at December 31, 2022		**636,713,546**	**(3,329)**	**222,614,446**	**(246,985)**	**858,927,678**

(See Notes to Financial Statements)

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (Loss) before provision for income tax		**(4,198,128)**	33,671,111	33,100,187
Adjustments for:				
Gain from investment property revaluation unrealized	13	**(19,000,000)**	(40,000,000)	(39,500,000)
Accrual of retirement benefits expense	18	**106,509**	127,315	210,155
Depreciation	12, 22, 25	**2**	-	3,132
Accrual of taxes		**495,000**	495,000	495,000
Impairment loss on exploration and evaluation asset		**16,824,116**	-	-
Unrealized gain on foreign exchange, net	8, 23	**242,952**	124,424	122,961
Impairment loss on refundable deposit		**4,500**	40,500	-
Interest income	8	**(3,754)**	(1,153)	(3,098)
Operating loss before working capital changes		**(5,528,803)**	(5,542,803)	(5,571,663)
Decrease in:				
Other receivables		**(11,544)**	6,806	7,492
Prepayments		**(805)**	620	12,992
Increase (Decrease) in:				
Accruals and other payables		**50,566**	(17,261)	36,795
Cash used in operations		**(5,490,586)**	(5,552,638)	(5,514,384)
Retirement benefits paid		**-**	-	(1,005,683)
Income tax paid		**-**	-	(2,513)
Interest received	8	**3,754**	1,153	3,098
Net cash used in operating activities		**(5,486,832)**	(5,551,485)	(6,519,482)
CASH FLOWS FROM FINANCING ACTIVITY				
Increase in advances from shareholders	19	**6,338,686**	5,282,314	6,571,000
EFFECT OF EXCHANGE RATE CHANGES ON CASH	8, 23	**(242,952)**	(124,424)	(122,961)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**608,902**	(393,595)	(71,443)
CASH AND CASH EQUIVALENTS, January 1	8	**2,514,408**	2,908,003	2,979,446
CASH AND CASH EQUIVALENTS, December 31	8	**3,123,310**	2,514,408	2,908,003

(See Notes to Financial Statements)

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the years ended December 31, 2022, 2021, and 2020
(All amounts in Philippine Peso unless otherwise stated)

NOTE 1 - GENERAL INFORMATION

Imperial Resources, Incorporated (Parent Entity) was incorporated and registered in the Philippines and registered with the Securities and Exchange Commission (SEC) per Registration No. 39243 on September 5, 1969. The primary purpose of the Parent Entity is to carry on the business of operating coal mines, and of prospecting, exploration and of mining, milling, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling, exchanging, and producing, and dealing in all kinds of ores, metals and minerals, asphalt-bitumen, hydrocarbons, acids and chemicals, and in the products and by-products of every kind and description and by whatever process, can be or may be produced; to purchase, lease, option, locate or acquire, own, exchange, sell, or dispose of, pledge, mortgage, deed in trust, hypothecate, and deal in mines, mining claims, mineral lands, coal lands, timber lands, water and water rights, and other property, both real and personal.

The Parent Entity holds 99% interest in Philippine Cyber College Corporation (PCC), its only subsidiary, with principal place of business at 82-J 4th Street, Barangay Mariana, New Manila, Quezon City. PCC was registered with the SEC on May 30, 2000 per Registration No. A20007650 to own, operate, manage and maintain a school of learning, offering, kindergarten or pre-school training, as well as primary, secondary and tertiary levels of school instructions and to develop and educate students in accordance with approved curriculum prescribed by the government, and in connection therewith, to obtain the required permits and government recognition for the operation of said educational institution and the authority to confer certificates of completion/graduation and/or diploma; further, to own, lease and acquire the use and possession of land for school campus, school buildings and properties for school facilities. PCC had management and technical agreement with two (2) I.T. learning centers located in Baguio and Malolos, Bulacan. However, in June 2008 the two (2) learning centers temporarily suspended their operations. Management decided to shift from I.T. education project to technical vocational education, training and assessment project. Since the latter part of 2009, PCC's operations have remained suspended.

During the special meeting of the Board of Directors held on March 29, 2011, it resolved, approved and ratified the change of par value of the shares of stock of the Parent Entity from Five Pesos (P5.00) to One Peso (P1.00) per share, was approved and ratified. Consequently, on July 14, 2011 the same was confirmed and ratified in the regular annual stockholders' meeting.

On October 2, 2013, a special meeting of the Board of Directors was called to consider, among other matters, the amendment of the Articles of Incorporation, specifically the articles pertaining to the change of name of the Parent Entity to Century Sun Services, Inc. which was already approved by the Board of Directors and reserved with the SEC. Also, a proposal was raised for the amendment of the purpose of the Parent Entity. It was also proposed that the corporate term be extended for another fifty (50) years. Finally, another proposal was submitted to increase the authorized capital stock from One Billion Eight Hundred Million Pesos (P1,800,000,000) up to Six Billion Pesos (P6,000,000,000). Upon motions made and duly seconded, the proposed amendments were unanimously approved by the Board of Directors. On July 10, 2014, in the regular annual stockholders' meeting, the same had been confirmed and ratified. As of December 31, 2018, the Company's management has not implemented this.

During the special meeting of the Board of Directors held on March 28, 2016 the declassification of the shares of stock of the Parent entity from common Class "A" and Class "B" shares to common stock voting shares was approved. This was subsequently confirmed and ratified by the stockholders during the regular annual stockholders' meeting held on July 14, 2016.

The change of par value and the declassification of shares were approved by SEC on February 10, 2018 and implemented by the Philippine Stock Exchange (PSE) on February 22, 2018.

The Parent Entity and its Subsidiary have eight (8), eight (8), and seven (7) employees as at December 31, 2022, 2021, and 2020, respectively.

The Parent Entity and its Subsidiary's principal place of business is Unit 202 Villa Building, No. 78 Jupiter Street corner Makati Avenue, Barangay Bel-Air, Makati City, Metro Manila, the business address is 82-J 4th Street, Barangay Mariana, New Manila, Quezon City and the registered office is 3762-C Cuenca corner Emilia Streets, Barangay Palanan, Makati City, Metro Manila.

These financial statements have been approved and authorized for issuance by Mr. Desiderio L. Laperal, Vice-President, CFO and Treasurer, on behalf of the Board of Directors on AprIL 28, 2023.

NOTE 2 – STATUS OF OPERATIONS

Parent Entity

Since 2005, the Parent Entity has been evaluating mining projects and has narrowed down the prospective mining properties to gold mining, asphalt mining and energy.

P.T. Asphal Buton Nasional

In January 2009, the Parent Entity signed a Memorandum of Agreement with P.T. Asphal Buton Nasional, an entity organized and existing under the laws of Indonesia, which was granted mining rights covering 1,940 hectares of Mining Exploration Concession located at Buton Island, South East Sulawesi Province, Indonesia. With the deposit amounting to P7,090,500 (US$ 150,000) made by the Parent Entity to the said Indonesian entity in 2008, the Parent Entity was granted the exclusive rights of exploration, exploitation, development and operation of the above-described mining concessions during its lifetime and over such additional future mining concessions that P.T. Asphal Buton Nasional may acquire or be awarded.

In 2009, the Indonesian partners obtained the services of Jurusan Teknik Pertambangan, Fakultas Teknologi Mineral, Universitas Pembangun Nasional "Veteran" Yogyakarta to conduct a geophysic and geophysical (Electric Resistivity) study of the Buton asphalt in Wakaokili and Waangu-angu, Pasarwajo, Kabupaten Buton. The geophysical interpretation data was necessary to determine the site for drilling exploration and the depth and thickness of asphalt-bearing rock. Details of the study is disclosed in Note 14.

In August 2010, the Parent Entity furnished a few samples of rocks gathered from the mining property to Toyo-Union Co. Ltd. (TUCL) and expressed an intention to have a business association with them, subject to terms and conditions, including confidentiality and exclusivity rights reserved for the Parent Entity. This was firmed up through a Memorandum of Agreement signed on September 13, 2010. During 2011, the engineers and geologists of TUCL together with the engineers from Asphal Buton Nasional were able to go to the asphalt concession areas and collected about sixty (60) kilos of samples and TUCL was able to bring samples to Tokyo. However, this project with TUCL did not prosper.

During the second half of 2011, the two (2) asphalt concessions were expiring. However, because of the significant geophysical electric resistivity survey conducted and arranged by the business associate, Aspal Buton Nasional, and funded by the Parent Entity, the Parent Entity decided to extend the validity of the asphalt concessions. After further geophysical activities and meeting all requirements with the funding from the Parent Entity, the Indonesian partners were able to secure the approval for the extension of the exploration concessions for an additional period of two (2) years. Again, in 2013, Parent Entity financed the cost of another extension of the lease of its mining concessions.

In 2011, the Parent Entity has spent US$220,000 for additional geologic works/studies needed for the preparation of the project feasibility report and environmental impact report required pending conversion of PT Aspal Buton Nasional Exploration permit to Development and Exploitation Permit. In 2012, the Parent Entity spent US$120,000 for more geological works ad studies. The project feasibility Report and Environmental Impact written in Bahasa Indonesia upon completion were submitted to the Indonesian authorities for approval. The Parent Entity funded the translation of the Project Feasibility Report and Environmental Impact Report from Bahasa Indonesia to English in 2012. These English version reports would be used by the Parent Entity in looking for and negotiating with the foreign investors for possible tie-up or capital funding considering that this project entails a huge capital outlay.

In 2014, the Parent Entity spent US$50,000 for obtaining informal approval for the exploitation concession of the 1,722 hectares located at Waangu-Angu area and US$52,000 for the preparation of the required technical reports on the post-production program to restore most of the mined-in areas to usable condition.

Forming as integral parts of the mining explorations activities and based on the results of the review and evaluation, PT Aspal Buton Nasional was qualified to be given approval on the increase in activity under the Production Operation Mining Agreement. Pursuant thereto, a Decree of the Regent of Buton, identified as No. 333 Year 2014 and No. 334 Year 2014, covered under the title of "Improved Operating License Agreement Mining Exploration Permits Mining Operations into Production PT. ASPAL BUTON NASIONAL" was issued. The regional-wide Mining Permit under Decree 333 Year 2014 covers 218.5 hectares while Decree No. 334 Year 2014 covers 1,722 hectares both located at Waangu-Angu, Pasarwajo, District of Buton, province of Southeast Sulawesi.

The Mining Permit Term is for twenty (20) years: two (2) years for Stage Construction and eighteen (18) years for Stage Production and can be extended twice (2x), respectively for ten (10) years. This decree enumerates all the laws embodying the terms, conditions, and national and local government regulations to be implemented in the furtherance of the mining production activities. Extraction of mining resources potentially damages the environment, therefore, there is a need to control and keep the damages to a minimum level. Good mining practices, post-mine land use, community developments in cooperation with regional and local communities and support poverty alleviation programs are some salient points in the decree. These are covered under the laws on the Protection and Environmental Management, Environmental Impact Analysis Understanding, Forest Arrangement and Preparation of Forest Management Plan and Forest Utilization. Hence, there is a need for integrated sustainability to control and keep the damages to a minimum level on the extraction of mineral resources which may potentially damage the environment.

Proceeding to the production operation stage during the early part of 2015 in compliance with governmental laws especially in Environmental management Mr. Eddy Surohadi, for the account of PT Aspal Buton and PT Indominas, presented a budget to cover the cost of technical and tax expenses on the CNC (Clean and Clear Certificate) IUP Production Program for the1,722 hectares. The total estimated expenses amounting to UD$ 99,250 were presented as follows:

1.	Reclamation Guarantee	US$ 30,000 – 4 Has @ 7,500/Ha.
2.	Mine Closure Guarantee	US$ 30,000 – 4 Has @ 7,500/Ha.
3.	Earth and Building Tax	950
4.	Annual Fee Tax	550
5.	Work Plan and Budget Cost	5,000
6.	Annual work Plan and Environment Engineering	5,000
7.	Report on Implementation of the Management And Environment Monitoring	2,500
8.	Construction and Installation of the mining area 1,722 Ha. Boundary	22,000
9.	Miscellaneous expenses	3,250
	TOTAL	US$ 99,250

The Parent Entity remitted the amount of US$99,250 to Mr. Eddy Surohadi for the account of PT Aspal Buton and PT Indominas to cover the said budget and expenses. There were no subsequent remittances made from 2016 to date.

PT. Indominas

In December 2009, the Parent Entity made a deposit of P4,705,000 (US$100,000) to PT. Indominas to acquire other mining rights in Indonesia which the Parent Entity subsequently charged to exploration and evaluation assets during the year as a signature bonus.

On January 17, 2010, the Parent Entity signed a Memorandum of Agreement with PT. Indominas, an Indonesian Parent Entity duly organized and existing under the laws of the Republic of Indonesia, with principal office address at JL. Klampis Anom II/29, Surabaya, Indonesia (referred to as Claimowners). After January 17, 2010, the Claimowners expect to be granted Mining Rights by the government state corporation Perusahaan Daerah (Perusda) Pd. Utama Sultra of South East Sulawesi of the Republic of Indonesia, covering an approximate 4,779 hectares mining exploration concession at South East Sulawesi Province of the Republic of Indonesia. The Claimowners granted the Parent Entity the exclusive rights to do preliminary studies before choosing the area to be developed. If the results of the studies are favorable, the Parent Entity shall pay another US$170,000 upon approval of the conversion of the selected areas into exploration concession. Within thirty (30) days after the Claimowners shall have obtained and delivered to the Company all government approvals, permits, extensions and licenses, the Parent Entity at the sole expense shall start geological and geophysical surveys on the mining concessions for the purpose of determining the potentials for commercial operations, development and exploitation of the above-mentioned mining concessions.

The preliminary geologic survey on the proposed subject area indicated possible deposits. Outside and a bit far from the subject area, there are many gold panners. The Parent Entity is also evaluating the peace and order situation in the area. After evaluating several factors, the Parent Entity will have a better total picture of the business prospects of the gold mining project.

In the third quarter of 2015, Mr. Oliverio G. Laperal, Sr. then the incumbent President and Chief Executive Officer, suffered a stroke that incapacitated him. Consequently, all funding requirements for

the Indonesian project were temporarily suspended. From the start of the Project, it was only Mr. Oliverio G. Laperal, Sr. who had been actively involved with the Indonesian partners. The Indonesian partners directly reported to Mr. Laperal about the status, progress, development of the project including the financial and technical requirements and disposition of budgets released to them. From the time Mr. Oliverio G. Laperal, Sr. got sick and until his death in 2018 there was no formal report submitted to the Parent Entity about the status of the project. It was learned, however, that the Indonesian partners have been continuously looking for foreign partners to invest in the project by way of joint venture agreements because of its viability.

On March 16, 2017, in the special meeting of the Board of Directors, it was resolved that while the Parent Entity is proceeding with caution and at the same time re-evaluating its Indonesian mining project owing to the precipitous fall in the world price of crude, the Parent Entity is at present inclined to pursue the said project for that reason the Indonesian partners have been continuously looking for foreign partners to invest the capital needed after they have secured formal approval of the exploitation concession because of its viability. Furthermore, the Parent Entity has been studying and evaluating a project cost study submitted by a project proponent pertaining to silica sand quarrying and processing operation. The Parent Entity is aware of the increasing demand for flat glass and glass bottles by local glass manufacturing companies. Management has been evaluating the impact of the latest environmental policies, regulations and pronouncements made by various government agencies on the feasibility and sustainability of the project. Another important factor being considered by management is the peace and order situation in the prospective silica mining sites.

In 2018, the President, Desiderio L. Laperal travelled to Europe for preliminary discussions and observation of IT-based business applications related to remote sensing of marine and land resources, land use, and community development. President Laperal observed driver-less autonomous farm machinery, robotic steel fabrication and remote-controlled fisheries management systems. He was impressed with the Green Energy initiatives mandated by the European Union, which are meant to encourage more reliance on renewable power such as air turbines, hydro and solar. All of these applications and the downstream business opportunities are relevant to Imperial Resources.

In June 2019 he travelled to Europe to meet with potential partners and continue discussions on investment opportunities in the Philippines. On that trip, he accompanied two Italian businessmen to the Philippine Consul in Milan, Italy to confer with Consul General Irene Susan Natividad and Consul Mersole Mellejor. Mr. Laperal invited the two Italian businessmen to visit Manila in 2019 but the date was subsequently reset to March 2020. The COVID-19 pandemic has caused the visit to be cancelled.

The development of vaccine by various pharmaceutical companies against COVID-19 during the latter part of 2020 boosted the hopes for global economic recovery. However, this was disrupted by the unrelenting spike of COVID-19 Delta variant cases in 2021. Whatever economic gains derived from the government's vaccination program were dented by the surge of the highly contagious but less severe Omicron variant. Mr. Desiderio L. Laperal plans to visit Europe within this year, 2022 to re-establish communications with the Italian businessmen and pursue further discussions on the business opportunities initially discussed.

Immediately after the Government imposed the Enhanced Community Quarantine (ECQ) on March 15, 2020, management gave priority to the safety and well-being of its employees by temporarily stopping the operations of the Parent Entity. The quarantine entailed more expenses and difficulties for the employees to meet their daily needs and health issues. To allay the fears and anxieties of its employees facing uncertainties about their finances as well as health conditions one of the officers of the Parent Entity advanced the employees' 13th month pay and paid leave in full.

After two (2) months of lockdown on May 18, 2020 when the Modified Enhanced Community Quarantine (MECQ) was imposed, the Company started operating again. The primary concern of the Parent Entity was how to keep its employees fit to work, protect them from being afflicted with the COVID-19 virus and implementing the many government-imposed restrictions and guidelines. The following actions have been taken up by the Company in line with the prescribed procedures by the government to mitigate the negative effects of the pandemic on its employees' mental well-being and physical and emotional health:

a. The Parent Entity has been providing its personnel with shuttle service to and from work every day and for some, sleeping quarters, TV, and laundry area within the office premises.
b. Providing facial masks, face shields, isopropyl alcohol, hand sanitizers and or soap. The employees are obliged to wash/ sanitize their hands more often. Alcohol and sanitizers are provided to visitors upon entering the office.
c. Appropriate social distancing is made a protocol not only inside but outside of the workplace.
d. Communications are done mostly through electronic mail or telephone.
e. Frequent disinfection of the workplace.
f. Company-paid mandatory Rapid test and swab test if necessary. Employees are urged to be vigilant always and to disclose their health problems or possible exposure to the virus including their families or other persons they had close contact with. Free medical check-up and testing when perceived symptoms of COVID-19 are experienced.
g. Providing Multi-vitamins, farm-fresh organic vegetables, and fruits to strengthen the immune system of the employees.
h. Starting from September 2020 the Parent Entity has granted a temporary COVID -19 related cash benefit to all employees at Pesos: Two Thousand (P2,000) per month per employee to help them cope with the rising cost of living, medical and transportation. This benefit will be discontinued as soon as the business condition improves and at the discretion of management.
i. Continuous dissemination of information to the employees on how to protect themselves and their families and prevent the spread of COVID-19 and inculcating the high cost of treatment of COVID-19.
j. Management has been studying ways and means of helping its employees regarding the vaccination program against COVID-19 in relation to the policies and programs to be implemented by the government. As at the end of December 2021, most of its employees have been fully vaccinated.

In July 2020, one employee tested positive for COVID-19. Management ordered a one-week lockdown and disinfection of the whole work area. After a month of quarantine, the employee who was a senior citizen opted to retire.

Management has been using various modes of remote communication such as teleconferencing, videoconferencing and electronic mail system. The new normal way of conducting staff meetings is videoconferencing. All the meetings of the Board of Directors including the annual stockholders' meeting in 2020 were held through videoconferencing. All the members of the Board attended the PSE-SEC Corporate Governance Forum on July 10, 2020 and July 10, 2021 to keep abreast of the effects of the COVID-19 pandemic on the national economy and the people, risk management strategies, pursuit of corporate sustainability based on experiences from the pandemic and SEC regulatory updates. The

members of the Board were enlightened about the importance of sustainability reporting in mitigating various risks.

After studying, evaluating, and analyzing the Parent Entity's current office and work set-up and the nature of the work of the employees, management concluded that the work from home mode of work is difficult to adopt. There are accounting activities and transactions doable only at the office. Employees' lack of computer equipment, inadequate internet connections at their homes and their home conditions are not suited for home-based work are some reasons why the work-from-home cannot be adopted. The plan of management to adopt skeletal force to minimize cost was shelved because of limited manpower.

This COVID-19 pandemic has greatly affected the human and financial resources of the Parent Entity. The Parent Entity's survival has been a pressing and challenging issue. Management is concerned not only about sustainability but also the capability of its human resources to meet the demands of these challenging times efficiently and effectively. Despite the economic and health benefits management has been extending its employees they still experience anxiety, lack of focus and concentration, fear for the health of their families, frequent absences and uncertainty of the future resulting in a below-par performance in discharging their duties and responsibilities. The administrative costs for the year 2020 went up due to the transportation and gasoline expenses incurred in transporting its employees and use of vehicles for messengerial activities. The medical and dental expenses of the employees also increased due to the mandatory rapid and swab testing and more frequent medical check-ups. Office and other supplies increased due to the COVID-19-related supplies purchased. In 2021, the retirement of an employee in the latter part of 2020 decreased the cost of gasoline used for transporting him to and from the office. Also, due to the vaccination program in 2021, the medical expenses have decreased since there's a lesser cost incurred for rapid and swab-testing as well as medical check-ups of employees. Business opportunities in 2020 and 2021 had not been actively pursued due to the pandemic, however, in 2022, as soon as health and travel conditions improve, Management plans to pursue a business meeting and discussion with the Indonesian Partners for further exploratory and mining activities of the project.

Commitment of support of shareholders

In the previous years, Mr. Oliverio G. Laperal Sr., the Parent Entity's former President, and other major shareholders have committed to support and fund the ongoing and new projects and assured the continuous operations of the Company.

In 2007, as a sign of support and commitment, the President paid in full his subscription of P400 million to increase the capital stock of the Company (from P700 million to P1.8 billion) by executing a deed of assignment of a real estate property in favor of the Parent Entity. The transfer certificate of title of the said property was issued in the name of Imperial Resources, Incorporated on September 3, 2007 per TCT N-307207 issued by the Register of Deeds of Quezon City. Aside from the subscription of P400 million paid for in real estate property, cash advances amounting to P8.89 million, P4.5 million and P915 thousand were received from the former President for the years 2015, 2014 and 2013, respectively. The shareholders have paid their unpaid subscription amounting to P150,000 and P100,436 for the years 2018 and 2016, respectively.

As discussed in Note 2, the Laperal family through their family-owned corporation, LTC Real Estate Corporation committed to continuously support and fund the said Indonesian and Exploration projects. LTC Real Estate Corporation, a shareholder, had provided cash advances amounting to P6,340,000, P5,281,000 and P6,521,000 (Note 16) for the years ended December 31, 2022, 2021 and 2020, respectively. Given the financial condition of the Parent entity, the shareholders do not demand

immediate repayment of their advances to the Company and agreed to its long-term settlement when the company is able to pay for it.

However, in 2022, the Parent entity recognized an impairment loss provision for its Exploration and Evaluation assets, which has impacted its financial condition. Despite this, the LTC Real Estate Corporation, a shareholder, has continued to provide cash advances, ensuring the support and funding of the Indonesian and Exploration projects, and operating expenses.

Subsidiary

Until the middle of 2008, the Subsidiary was engaged in the business of Information Technology (I. T.) - Education. Educational facilities are in Baguio and Malolos, Bulacan, each with an enrollment of 40-60 students and class-sizes limited to about 15 students. All potential students undergo rigorous online entrance exams to ensure high quality students. The school's objective is to produce a small number of extremely high-quality graduates each year. The educational facility located in Malolos had a "Joint Livelihood Project" with the Provincial Government of Bulacan which was formally terminated in May 2007. The school transferred to another location in Malolos, Bulacan in time for June 2007 school enrollment. However, in June 2008 the two (2) learning centers temporarily suspended their operations and remain as such up to the present.

Management has decided to shift from I.T. education project to technical-vocational education, training and assessment project. Management believes in the value of education, hence, this new project is the Subsidiary's answer to government's call to help stimulate economic growth through productive employment. The Subsidiary is aware of the global need and the lack of highly skilled welders, pipe filters and other allied skills in the construction business. With this new venture, the Subsidiary hopes to provide a relevant training system that can fully prepare the manpower with the correct skills needed in the rapidly modernizing economies.

It has secured a property lease in Pasay City, as the site of the education and training facility, for five (5) years commencing on April 1, 2008. The monthly rental is ten percent (10%) of the gross tuition, matriculation, and students' miscellaneous fees from July 1, 2009 up to July 31, 2013. The preparation, construction and renovation works on the education and training facility started in March 2008. For the techno vocational project, the Subsidiary engaged the services of its administrator in March 2008. Two (2) employees were hired in June 2008 to assist the administrator.

The training center, in cooperation with the PGMA Scholarship of Technical Education and Skills Development Authority (TESDA), conducted its operations from February to July 2009. In August, TESDA temporarily cut its PGMA Scholarship Program which is the mainstay of welding schools in sustaining their operations. Because the Subsidiary failed to obtain marketing agreements to provide welding training for maritime placement companies' recruits, the management of the Parent Entity has been mulling over the idea of phasing off this techno-vocational project to concentrate on its more financially promising mining project.

For the years 2008 and 2007 (and prior years), there were no material sources of revenue. It was only in 2009 that it generated revenue from tuition fees for its techno-vocational project. However, as discussed above, operations have been hampered due to temporary cessation of the PGMA Scholarship Program of TESDA. The Subsidiary incurred net losses of P0.24, P0.35, and P0.21 million for the years 2020, 2019 and 2018, respectively. Due to the losses incurred, the Subsidiary has capital deficiency amounting to P29.70 million, P29.42 million, and P29.11 million as at December 31, 2022, 2021, and 2020, respectively.

For the past years, the Parent Entity has rendered continuous support to the Subsidiary by providing the necessary funds when the need arises.

On March 20, 2013, at the meeting of the Management Committee, wherein, all members who were also directors were present and represented a majority of the members of the Board of Directors unanimously resolved and approved the dormancy status of PCC due to its non-operation since 2010 and significant losses incurred which resulted to a Capital Deficiency of P20.90 million, P20.03 million and P18.76 million as at December 31, 2013, 2012 and 2011, respectively. In 2015, the Company entertained inquiries or proposals to lease its building in Baguio City. The management was hoping to have the building rented out in 2016 and was looking at a rental income of about Thirty-Five Thousand Pesos (P35,000) per month. Consequently, the Company has changed its basis of accounting from liquidation basis to going-concern basis.

In 2016, an interested party proposed to rent the building to be used as its marketing office for Thirty-Five Thousand Pesos (P35,000) per month. On March 16, 2017, at the special meeting of the Board of Directors, it was resolved that the Vice-Chairman and Vice-President, are authorized and empowered to negotiate, transact, conclude, execute and sign, for and on behalf of the Company, agreements or contracts for the lease of the property in Baguio as well as to deliver such necessary records, documents or papers pertinent to or in its implementation.

It was resolved further that the same person is authorized and empowered to agree on the terms, conditions and stipulations, and the price of the lease, for the best interest of the Company. However, due to the change of marketing plans of the prospective lessee, the lease agreement was not finalized. Early in 2018, an interested party made an offer to lease the building to be used as a primary school for Forty Thousand Pesos (P40,000) per month. However, the negotiation bogged down.

Despite the presence of the caretaker to prevent informal settlers to enter and use the property as their dwelling place, in 2013, management decided to allow Philippine National Police Internal Affairs Services (PNP-IAS) to use a portion of the ground floors as its office for free. During the latter part of 2018, the PNP-IAS moved out of the property. In 2019, the management repaired and repainted the building to better attract potential lessees considering its good location. Accordingly, the Subsidiary continued its reporting under the going-concern basis of accounting.

In June 2020, management received a proposal from an educational institution to lease the Baguio property to set up a school for its mainstream learning and distant learning programs at Seventy-Five Thousand (P75,000) per month. The prospective lessee wanted a minimum of a five-year lease contract. The negotiation did not prosper.

In January 2021, another interested party submitted a proposal to lease the Baguio property for its planned bed and breakfast business at Seventy-Five Thousand (P75,000) per month for two (2) years. Management evaluated the proposal including some conditions proposed by the lessee in line with the short and long-term effects of the COVID-19 pandemic on the business of the Company and the lessee. However, the negotiation was overtaken by the surge of COVID-19 (Delta Variant) cases in the area and the lessee did not pursue it. Because of the recent proclamation of the government entities involved to resume progressive expansion of face-to-face classes both in public and private in areas designated, management is confident that it can find a lessee during the year 2022.

Commitment of support of shareholders

In the previous years, Mr. Oliverio G. Laperal Sr., the Parent Entity and Subsidiary's former President, and other major shareholders have committed to support and fund the ongoing and new projects, and assured the continuous operations of the Parent and Subsidiary's.

In 2007, as a sign of support and commitment, the President paid in full his subscription of P400 million to increase the capital stock of the Parent Entity and Subsidiary (from P700 million to P1.8 billion) by executing a deed of assignment of a real estate property in favor of the Parent Entity and Subsidiary. The transfer certificate of title of the said property was issued in the name of Imperial Resources, Incorporated on September 3, 2007 per TCT N-307207 issued by the Register of Deeds of Quezon City. Aside from the subscription of P400 million paid for in real estate property, cash advances amounting to P8.89 million, P4.5 million and P915 thousand were received from the former President for the years 2015, 2014 and 2013, respectively. The shareholders have paid their unpaid subscription amounting to P150,000 and P100,436 for the years 2018 and 2016, respectively.

As discussed in Note 2, the Laperal family through their family-owned corporation, LTC Real Estate Corporation committed to continuously support and fund the said Indonesian and Exploration projects. LTC Real Estate Corporation, a shareholder, had provided cash advances amounting to P6,340,000, P5,281,000 and P6,521,000 (Note 20) for the years ended December 31, 2022, 2021 and 2020, respectively. Given the financial condition of the Company, the shareholders do not demand immediate repayment of their advances to the Company and agreed to its long-term settlement when the company is able to pay for it.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below to facilitate an understanding of the data presented in the consolidated financial statements. These policies have been consistently applied, unless otherwise stated.

3.1 Basis of preparation and statement of compliance

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

These financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value. The financial statements are presented in Philippine Peso, the Company's functional currency.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Parent Entity and Subsidiary's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Basis of Consolidation

These consolidated financial statements consist of the financial statements of Parent Entity and its Subsidiary as at and for the years ended December 31, 2022, 2021, and 2020. The financial statements of the Subsidiary are prepared for the same reporting period as the Parent Entity using consistent accounting policies.

Subsidiary

Subsidiary is an entity that is controlled by another entity. Control is when the latter 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 Subsidiary.

The Parent Entity has the power to govern the financial reporting policies generally accompanying a shareholding of more than one-half of the voting rights of the Subsidiary. The Parent Entity obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Parent Entity controls another company. Consolidation begins from the date the Parent Entity obtains control of the Subsidiary and ceases when it loses control.

All intragroup balances, income and expenses and unrealized gains and losses from intragroup transactions are eliminated in full.

Non-controlling Interest

Non-controlling interest represents the portion of profit or loss and other comprehensive income and the net assets not held by the Parent Entity and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity holders of the Parent Entity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

3.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations, which became effective beginning January 1, 2021. The adoption of these new and amended standards and interpretations did not have a significant impact on the Parent Entity and Subsidiary's financial statements.

3.2.1 Amendments to existing standards and interpretations effective in the current year and are relevant to the Company's operations

The accounting policies adopted in the preparation of the Company's financial statements are consistent with those of the previous financial year, except for the adoption of the following new and amended standards and interpretations which the Company adopted effective for annual periods beginning on or after January 1, 2022. The adoption of these new and amended standards and interpretations did not have significant impact on the Parent Entity and Subsidiary's financial statements, unless otherwise stated.

Adoption of New and Revised Accounting Standards Effective from January 1, 2022 to December 31, 2022

Amendments to PFRS 16, COVID-19-related Rent Concessions beyond January 1, 2022

On May 28, 2020, the Board issued COVID-19-Related Rent Concessions - Amendment to PFRS 16, Leases. The amendments provide relief to lessees from applying PFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic is continuing, on March 31, 2021, the Board extended the period of the application of the practical expedient to June 30, 2022.

The amendment applies to annual reporting periods beginning on or after April 1, 2021.

Impact as a Lessee

These amendments had no impact on the financial statements of the Parent Entity and Subsidiary.

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, 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.

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

The adoption of these amended standards and interpretation did not have a significant impact on the Parent Entity and Subsidiary's financial statement.

Amendments to PAS 37, Onerous Contracts - Cost 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The effect of these amended standards and interpretations did not have significant impact on the financial statements since the Parent Entity and Subsidiary did not have any transactions with onerous contracts.

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

The adoption of these amended standards and interpretation did not have a significant impact on the Company's financial statement.

Annual Improvements to PFRS Standards 2018-2020 Cycle

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

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Parent Entity and Subsidiary will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Parent Entity and Subsidiary will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- *Amendments to PFRS 16, Leases, Lease Incentives*

  The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise.

- *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.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The amendments to PFRS 1, PFRS 9, and PAS 41 are all effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendment to PFRS 16 only regards an illustrative example, so no effective date is stated.

The adoption of these amended standards and interpretation did not have a significant impact on the Parent Entity and Subsidiary's financial statements.

3.2.2 New standards, amendments to existing standards and interpretation not yet effective but are relevant to the Company's operations

These are new PFRS, revisions, amendments to existing standards, annual improvements and interpretations that are effective for periods subsequent to December 31, 2021 and are relevant to the Parent Entity and Subsidiary's's operations, however, the adoption is not expected to have an impact on the financial statements, unless otherwise stated.

Effective January 1, 2023:

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

  Insurance contracts combine features of both a financial instrument and a service contract. To provide useful information about these features, PFRS 17 combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract. It also presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses, and it requires an entity to make an

accounting policy choice of whether to recognize all insurance finance income or expenses in profit or loss or to recognize some of that income or expenses in other comprehensive income.

PFRS 17 replaces PFRS 4 and is effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted as long as PFRS 9 is also applied.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the following:

  - the classification of liabilities as current or non-current should be based on rights that exist and have substance at the end of the reporting period,
  - a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date, and
  - the settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments introduce definition of accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative - Accounting Policies* – The amendments to PAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. The amendments to PFRS Practice Statement 2 explain and demonstrate the application of the 'four-step materiality process' to accounting policy disclosures. This helps entities apply materiality judgments to accounting policy disclosures.

- 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 exemption under the standard, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Effective January 1, 2025:

- Mandatory Effective Date of PFRS 17 – On December 15, 2021, the 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 IFRS 17 by two (2) years after its effective date as decided by the IASB. This is still subject to approval of the Board of Accountancy.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9 - Comparative Information* – The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

Deferred effectivity:

- Amendments to PFRS 10 and PAS 28 (Amended), *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (Amended) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss, is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary.

These are new PFRS, revisions, amendments to existing standards, annual improvements and interpretations that are effective for periods subsequent to December 31, 2021 and are relevant to the Company's operations, however, the adoption is not expected to have an impact on the financial statements, unless otherwise stated.

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.3.1 Classification

The Parent Entity and Subsidiary classify financial assets and liabilities according to the categories described below. Management determines the classification of the financial assets and liabilities at initial recognition.

3.3.1.1 Financial assets

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Parent Entity and Subsidiary's business model for managing them. The Parent Entity and Subsidiary classify financial assets in the following categories:

a. *Financial assets at amortized cost*

Financial assets at amortized cost are debt instruments where contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The Parent Entity and Subsidiary's financial assets classified under this category consist of cash and cash equivalents, other receivables and refundable deposit.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at fair value through OCI comprise:

- *Debt instruments* where contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are held within a business model with the objective to hold financial assets in order to collect contractual cash flows and selling financial instruments.

- *Equity instruments* that are not held for trading and which the Parent and Subsidiary has irrevocably elected at initial recognition to recognize in this category. This election is made on an instrument-by-instrument basis.

The Parent Entity and Subsidiary's financial asset under this category consists of investment in stocks quoted in an active market. The Parent Entity and Subsidiary elected to measure it at fair value through other comprehensive income.

b. Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

The Parent Entity and Subsidiary has no financial assets under this category.

3.3.1.2 Financial Liabilities

The Parent Entity and Subsidiary classify financial liabilities in the following categories:

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Entity and Subsidiary that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Parent Entity and Subsidiary has no financial liabilities under this category.

b. Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are subsequently measured at amortized cost. They contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than an exchange of a fixed amount of cash. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting period which are classified in non-current liabilities.

The Parent Entity and Subsidiary's financial liabilities classified under this category consist of accruals and other payables (except payable to government agencies) and advances from shareholders.

3.3.2 Recognition and measurement

a. Initial recognition and measurement

Except for trade receivables that do not contain a significant financing component which are measured at the transaction price, the Parent Entity and Subsidiary initially measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

If the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, the Parent Entity and Subsidiary shall recognize the difference as a gain or loss.

Regular way purchases and sales of financial assets are recognized on the trade-date, e.g., the date on which the Parent Entity and Subsidiary commits to purchase or sell the asset.

b. Subsequent measurement

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

For equity instruments designated at fair value through OCI, gains and losses are never recycled to profit or loss. Dividends are recognized as income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets or liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the profit or loss.

Other financial liabilities are measured at amortized cost using the effective interest method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance costs in the statement of comprehensive income.

3.3.3 Derecognition

3.3.3.1 Financial assets

The Parent Entity and Subsidiary shall derecognize a financial asset only when:

(a) the contractual rights to the cash flows have expired or are settled, or

(b) the Parent Entity and Subsidiary transfers to another party substantially all of the risks and rewards of ownership, or
(c) the Parent Entity and Subsidiary, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Parent Entity and Subsidiary shall:
    (i) derecognize the asset, and
    (ii) recognize separately any rights and obligations retained or created in the transfer.

The carrying amount of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognized and derecognized in accordance with this paragraph shall be recognized in profit or loss in the period of the transfer.

3.3.3.2 Financial liabilities

The Parent Entity and Subsidiary shall derecognize a financial liability (or a part of a financial liability) only when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled, or has expired.

3.3.4 Impairment of financial assets

The Parent Entity and Subsidiary recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Entity and Subsidiary expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For financial assets at amortized costs being individually assessed for ECLs, the Parent Entity and Subsidiary applied lifetime ECL calculation. This involves determination of probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Entity and Subsidiary considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. In certain cases, the Parent Entity and Subsidiary may also consider a financial asset to be in default when internal or external information indicates that the Parent Entity and Subsidiary is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Entity and Subsidiary. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.3.5 Offsetting financial instruments

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

3.3.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions,
- Reference to the current fair value of another instrument that is substantially the same, and
- A discounted cash flow analysis or other valuation models.

3.3.7 Fair value hierarchy

The Parent Entity and Subsidiary classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation technique used to value these financial instruments is discounted cash flow analysis.

3.4 Cash and cash equivalents

Cash, which includes cash on hand and deposits held at call with banks and carried in the consolidated statement of financial position at face value, are unrestricted and immediately available-for-use in the current operations.

Cash equivalents are short-term, highly liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and are subject to an insignificant risk of change in value.

3.5 Other receivables

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance and provision for impairment.

At the end of each reporting period, the carrying amounts of other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable.

3.6 Prepayments

Prepayments include advance payment for insurance, membership dues and subscription. These represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as these are consumed in operations or expire with the passage of time.

3.7 Investment in stocks

Upon initial recognition, the Parent Entity and Subsidiary can elect to classify irrevocably its equity investments as equity instruments designated 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 on these financial assets are never recycled to the statement of income. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Parent Entity and Subsidiary benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Entity and Subsidiary elected to classify irrevocably its quoted equity securities under this category which are presented as Investment in stocks in the statements of financial position as at December 31, 2022, 2021, and 2020 (Note 11).

3.8 Property and equipment, net

Property and equipment, except land, are carried at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Cost also includes the cost of replacing part of such property and equipment when the recognition criteria are met.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Parent Entity and Subsidiary. All subsequent expenditures are recognized as expense in the period in which those are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the related assets as follows:

	EUL in years
Building	15
Transportation equipment	5
Welding equipment	5
Office equipment	3
Office furniture and fixture	3

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

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. When assets are retired or otherwise disposed of, the cost, related accumulated depreciation and accumulated impairment losses are removed from the accounts and the resulting gain or loss, which is determined by comparing the proceeds with the carrying amount, is recognized to the statements of comprehensive income. Fully depreciated assets are retained in the accounts until they are no longer in use.

3.9 Investment property

This account represents a parcel of land which is initially carried at cost. Cost includes the acquisition cost of the land plus incidental costs incurred in effecting the transfer of title of the property and other necessary expenses incurred in the acquisition.

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

(a) use in the production or supply of goods or services or for administrative purposes, or
(b) sale in the ordinary course of business.

Investment property is recognized as an asset when and only when: (a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity, and (b) the cost of the investment property can be measured reliably.

After initial recognition, investment property is measured either by the fair value model or by the cost model and shall apply that policy to all of its investment property. Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statements of comprehensive income in the year of retirement or disposal.

The fair value of investment property shall reflect market conditions at the reporting date. A gain or loss arising from the change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.
Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The Parent Entity and Subsidiary shall continue to measure the property at fair value until disposal (or until the property becomes owner-occupied property or the Company begins to develop the property for subsequent sale in the ordinary course of business) even if comparable market transactions become less frequent or market prices become less readily available.

3.10 Exploration and evaluation assets

Exploration and evaluation (E&E) assets are measured at cost in accordance with the Parent Entity and Subsidiary's accounting policy. The cost includes expenditures incurred in the acquisition of rights to explore, topographical, geological, geochemical, and geophysical studies, exploratory drilling, trenching, sampling, and activities related to assessing the technical feasibility and commercial viability of extracting a mineral resource.

The E&E assets are classified as tangible assets in the financial statements, and the Parent Entity and Subsidiary have been using the cost model to measure these assets. Under the cost model, E&E assets are carried at cost less accumulated impairment losses.

Beginning in 2022, we made a provision for impairment of our E&E assets upon management decision. This decision was based on facts and circumstances that suggest that the carrying amount of our E&E assets may exceed their recoverable amount. As a result, we recognized an impairment loss in our financial statements in accordance with PFRS.

The Parent Entity and Subsidiary did not make a provision for impairment of our E&E assets in prior periods, as the management did not consider any indicators of impairment during those periods.

The Parent Entity and Subsidiary has assessed the E&E assets for impairment over a period of three years, and will recognize impairment losses that arise in our financial statements in accordance with PFRS.

3.11 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher between the assets' net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the estimated cost of disposal while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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. An impairment loss is charged to expense immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognized revaluation surplus for the same asset.

Non-financial assets include prepayments (Note 10), property and equipment, net (Note 12), investment property (Note 13), and exploration and evaluation assets (Note 14).

The impairment losses on exploration and evaluation assets amounted to P16,824,116 (Note 14) as at December 31, 2022

3.12 Refundable deposit

This account pertains to refundable deposit for welding equipment which is stated at amortized cost less any impairment in value.

3.13 Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise or between and/or among the reporting enterprises and their key management personnel, directors or their shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Advances from shareholders are initially recorded at transaction price and are subsequently measured at amortized cost using the effective interest method.

During the consolidation process, due from subsidiary/due to parent company amounting to P24,434,934 is eliminated.

3.14 Operating segment

An operating segment is a component of an entity (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to the transactions with other components of the same entity), (b) whose operating results are reviewed regularly by the

entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess the performance, and (c) for which discrete financial information is available.

3.15 Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. The Parent Entity and Subsidiary's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as at the reporting date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

The balance sheet liability method focuses on temporary differences, which are the differences between the amount attributed to an asset or liability for tax purposes (tax base) and the carrying amount of that asset or liability in the statements of financial position.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Parent Entity and Subsidiary intends to settle the current tax assets and liabilities on a net basis.

Current tax and deferred tax shall be recognized outside profit or loss if the tax relates to items that are recognized, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognized, in the same or a different period:

(a) in other comprehensive income, shall be recognized in other comprehensive income,
(b) directly in equity, shall be recognized directly in equity.

3.16 Accruals and other payables

Accruals and other payables are recognized in the period in which the money or services are received, or when a legally enforceable claim against the Parent Entity and Subsidiary is established, or when the corresponding assets and expenses are recognized/incurred.

Accruals and other payables are measured at fair value less any directly attributable transaction cost and subsequently measured at amortized cost using the effective interest method. Accruals and other payables are derecognized when extinguished.

3.17 Provisions

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

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

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

There were no provisions recognized for the years ended December 31, 2022, 2021, and 2020.

3.18 Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.
There were no contingent liabilities/assets for disclosures as at December 31, 2022, 2021, and 2020.

3.19 Equity

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

Other comprehensive income (loss) pertains to remeasurement on retirement benefits payable.

Retained earnings (deficit) include current and prior period results of operations as disclosed in the statement of changes in equity.

3.20 Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable in exchange for the service in the ordinary course of the Parent Entity and Subsidiary's activities. The Parent Entity and

Subsidiary recognizes revenue when the amount of revenue is collectible, and it has met the requirements of the five-step approach of PFRS 15.

Revenue from a contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Parent Entity and Subsidiary performs its obligations; (b) the Parent Entity and Subsidiary's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Parent Entity and Subsidiary's performance does not create an asset with an alternative use to it and the Parent Entity and Subsidiary has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Parent Entity and Subsidiary is in the business of mining. This account comprises the revenue from sales of asphalt, gold and other precious metal produced, sold and payment received from the mining concessions and services rendered when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

To date, the Parent Entity has no product to sell and services to render since it is still in the pre-development and pre-exploration stage of the mining project and the Subsidiary being in the status of dormancy but has entertained inquiries or proposals to lease its building in Baguio City thus, management is looking at a possible rental income.

(i) Interest income

Interest income on bank deposits is presented when earned, net of final tax.

Interest income on salary loan is recognized when earned.

(ii) Cost and expenses

Direct costs and expenses are recorded when incurred.

3.21 Employees costs

Short-term employee benefits

Short-term employee benefits are employees' benefits (other than termination benefits) that fall due wholly within twelve (12) months after the end of the period in which the employees render the related service. It includes salaries, wages, social security contributions, paid annual leaves and paid sick leave profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits for current employees. Currently, the Parent Entity and Subsidiary's employees are entitled to all the above-mentioned short-term benefits except profit sharing.

Retirement benefits .

Retirement benefits are employee benefits (other than termination benefits) that are payable after the completion of employment.

The Parent Entity and Subsidiary has an unfunded defined benefit retirement plan for qualified employees. For purposes of determining its costs and obligation, the Company considers the minimum

requirement of Republic Act 7641 (the Retirement Law) of the Philippines. Under Republic Act 7641 (known as the Retirement Pay Law), in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a Company, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least 6 months being considered as one (1) whole year. The term "One-half month salary" includes the following:

a. Fifteen days salary based on the latest salary rate;
b. Cash equivalent of five days or service incentive leave (or vacation leave); and
c. One-twelfth of the 13th month pay (where the 13th month pay is the total basic salary for the last twelve months of the service divided by twelve)

The Parent Entity and Subsidiary's net obligation in respect of the defined benefit retirement plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current year and prior year periods. The benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at financial reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Parent Entity and Subsidiary's obligation. The current calculation is performed by a qualified actuary using the projected unit credit method.

Retirement benefits expense comprises the following:

a. Service cost,
b. Net interest on the net defined benefit liability,
c. Remeasurements of net defined benefit liability.

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

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability 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. Net interest on the net defined benefit liability is recognized as an expense in the 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 the consolidated statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

3.22 Leases

The Parent Entity and Subsidiary 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 in exchange for consideration.

Company as a Lessee

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

The Parent Entity and Subsidiary recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and the estimated costs to be incurred in dismantling and removing the underlying asset or restoring it to the condition required by the contract.

If the ownership of the leased asset transfers to the Parent Entity and Subsidiary at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Parent Entity and Subsidiary 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 Entity and Subsidiary and payments of penalties for terminating the lease, if the lease term reflects the Parent Entity and Subsidiary exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Entity and Subsidiary uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Parent Entity and Subsidiary applies the short-term lease recognition exemption to its short-term lease of office space. It has no other lease which will be classified as low-value asset. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.23 Foreign currency transactions

In preparing the Parent Entity and Subsidiary's consolidated financial statements, transactions in foreign currencies other than its functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Foreign currency gain or loss resulting from the settlement of such transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of comprehensive income.

3.24 Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the income (loss) for the year attributable to the common shareholders of the Parent Entity by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any. The Corporation Code of the Philippines under Section 137 defines outstanding capital stock as the total shares of stock issued under binding subscription agreements to subscribers or stockholders, whether or not fully or partially paid except treasury shares.

For the purpose of calculating diluted earnings (loss) per share, profit (loss) for the year attributable to ordinary equity holders of the Parent Entity and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

3.25 Subsequent events

The Parent Entity and Subsidiary identify subsequent events as events that occur after the reporting date but before the date when the consolidated financial statements are authorized for issue. Any subsequent events that provide additional information about the Parent Entity and Subsidiary's consolidated financial position at the reporting date are reflected in the consolidated financial statements.

Non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

There were no subsequent events for adjustment or disclosure as at December 31, 2022.

NOTE 4 - CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The primary objective of the Parent Entity and Subsidiary on capital management is to ensure their ability to continue as a going concern and to provide adequate returns and benefits to shareholders and other stakeholders by operating with guidance of high technical services and pursue the long-term outlook of management to deliver long term growth and profits.

The Parent Entity and Subsidiary manages the following capital as shown in the statements of changes in equity:

		Note	2022	2021	2020
Authorized capital	1,800,000,000	20			
Subscribed capital	652,500,000	20			
Paid-up capital		20	636,563,546	636,563,546	636,563,546

The Parent Entity and Subsidiary monitor capital based on the carrying amount of equity as presented on the face of the statements of financial position.
Measurement of the Parent Entity and Subsidiary's financial leverage is summarized as follows:

	2022	2021	2020
Total liabilities	67,997,856	60,984,849	55,200,696
Total equity	858,927,678	863,115,863	829,535,412
Debt-to-equity ratio	0.0792:1	0.0707:1	0.0665:1

The Parent Entity and Subsidiary's Board of Directors has overall responsibility for monitoring capital in proportion to risk. Profiles or capital ratios are set in the light of changes in its external environment and the risks underlying its business, operations, and industry.

The Parent Entity and Subsidiary define capital as paid-up share capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock are excluded from capital for purposes of capital management.

The Parent Entity and Subsidiary set the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. Parent Entity and Subsidiary manage the capital structure and make adjustment in the light of changes in economic conditions and the risk characteristics of the underlying asset.

The Parent Entity and Subsidiary is not subject to externally imposed capital requirements.

Going Concern

The Parent Entity and Subsidiary is currently in the exploration stage and has not yet established proven reserves. While the Parent Entity and Subsidiary has incurred significant exploration costs, it has not generated any revenue from its operations. Although there is material uncertainty regarding the Parent Entity and Subsidiary 's ability to continue as a going concern, management is actively pursuing additional funding options and is optimistic about the Parent Entity and Subsidiary 's long-term prospects. The financial statements have been prepared on a going concern basis, assuming that the Parent Entity and Subsidiary will be able to secure additional funding and continue its operations for the foreseeable future.

Sustainability Reporting

Economic

Direct Economic Value Generated and Distributed

The Parent Entity and Subsidiary is committed to follow governmental laws and regulations governing the conduct of its operations. As of this report, management is not aware of any existing probable government regulations which has or will have great impact on its business. There is no environmental or mining law in the Philippines that significantly affects the projects of the Parent Entity and Subsidiary at the present or in the near future, since it does not have approved mining claim in the country. Since the Parent Entity and Subsidiary is still in the pre-development and pre-exploration stage and its mining project is located in Indonesia, no material cost is likely to be incurred as regard to this matter.

Procurement practices

The Parent Entity and Subsidiary has not been totally dependent on any single or a few suppliers of equipment and materials in its operations. Likewise, continuous operation does not depend on any once director or officer.

Incidents of corruption

The Parent Entity and Subsidiary adheres to the principles of good governance and best practices. Accountability and transparency is a value to be sustained.

Environment

Reductions of energy consumption

The Company has been adopting cost-cutting measure like regular preventive maintenance of its air conditioning units, using energy-efficient lighting fixtures, and turning off of computer, and other devices when not in use.

Water consumption within the organization

The Parent Entity and Subsidiary's management has adopted ways to conserve and efficient consumption of water.

Material used by the organization

The Parent Entity and Subsidiary's management sees to it that its materials and supplies are used properly in their most efficient and maximum utility or service and not put to wastage or misuse. Also the Parent Entity and Subsidiary properties are periodically inventoried, audited and maintained.

Ecosystems and biodiversity

The Parent Entity and Subsidiary's main goal is to explore for less risky exploration and exploitation minerals. Shorten exploration period and look for the most economical ways to explore and conduct the laterst geological and geophysical techniques to minimize risks of exploration.

Social

Employee hiring and benefits

The Parent Entity and Subsidiary provides working conditions for its employees wherein they can perform efficiently, thus contributing to the growth of the Parent Entity and Subsidiary. They are encouraged to attend business and tax seminars, conferences and computer-related programs in line with the nature of their work to enable them to upgrade their skills, competent and be updated of the government laws and regulations.

Employee training and development

The Parent Entity and Subsidiary is a publicly-listed company. It is regulated not only by the Securities and Exchange Commission but also the Philippine Stock Exchange. Because of this the Parent Entity and Subsidiary is mandated to submit various reports inconformity with their requirements.
The Parent Entity and Subsidiary allows its officers and employees to attend seminars conducted by entities accredited with the government agencies to educate and train them in order to be able to implement correctly and efficiently the policies, rules and regulations of the regulatory bodies.

Labor-management relations

The Parent Entity and Subsidiary does not have any collective bargaining agreement with its employees because there is no employee's union. The Parent Entity and Subsidiary encourages its employees to raise and discuss their complaints, grievances regarding their work, workplace, and co-employees with the disciplinary committee in order to resolve the issue and maintain harmony in the workplace.

Workplace conditions, labor standards and human rights

The working environment provided by management does not pose high risk or hazards to its employees.

Health and Safety

The Parent Entity and Subsidiary's office activities and mine exploration and social interaction. With the onslaught of COVID-19 Pandemic and its variants, it restricted and reduce work operations and activities. The Parent Entity and Subsidiary personnel are informed of the nature, cause and effect of widespread medical health problem affecting, specifically, the human respiratory system, its symptoms, variants, manifestations, transmission, care and management and avoidance.

Data security

The Parent Entity and Subsidiary is not into data gathering. The Company, stakeholders, employees, partners and investors are reminded about the statutory regulations on Data Privacy.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

These consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. 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 reasonable under circumstances. Actual results may ultimately differ from these estimates.

5.1 Critical management judgments in applying accounting policies

In the process of applying the Parent Entity and Subsidiary's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

a. Functional currency

The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency in which the Parent Entity and Subsidiary measures its performance and reports the results of its operations.

b. Determining the lease term of contracts with renewal and termination

The Parent Entity and Subsidiary determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Parent Entity and Subsidiary has several lease contracts that include extension and termination options. The Parent Entity and Subsidiary applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Parent Entity and Subsidiary reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Parent Entity and Subsidiary renewal options for leases under Note 24 are not included as part of the lease term because it needs the mutual agreement of both parties prior to the expiration of the agreements. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

c. Provisions

Provisions for liabilities are recognized when the Parent Entity and Subsidiary have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

There were no provisions recognized as at December 31, 2022, 2021, and 2020.

d. Contingencies

Contingent liabilities are not recognized in the Parent Entity and Subsidiary's financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated

financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in Note 28. There were no contingent assets for disclosure.

5.2 Critical accounting estimates and assumptions

a. EUL of property and equipment

The management estimates the useful lives of property and equipment based on the period in which the assets are expected to be available for use. The EUL of the property and equipment (Note 3.8) are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on the Parent Entity and Subsidiary's collective assessment of industry practice, internal evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these circumstances. A reduction in the EUL of property and equipment would increase recorded operating expenses and decrease non-current assets.

Depreciation expense amounted to P1, nil, and P3,132 (Note 12) for the years ended December 31, 2022, 2021, and 2020, respectively.

b. Impairment of property and equipment

The Parent Entity and Subsidiary perform an impairment review when certain impairment indicators are present. Purchase accounting requires extensive use of accounting estimates and judgment to allocate the purchase price to the fair market values of the assets purchased and liabilities assumed.

Determining the fair value of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Parent Entity and Subsidiary to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the consolidated financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Parent Entity and Subsidiary believe that their assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

The carrying value of property and equipment amounts to nil, P2, and P2 (Note 12) as at December 31, 2022, 2021, and 2020, respectively.

Based on management's assessment, some fully depreciated equipment amounting to P4,876,335, P4,946,580, and P4,946,580 (Note 12) for the years ended December 31, 2022,

2021, and 2020, respectively, are already destroyed and unserviceable, hence, derecognized in the books.

c. Revaluation of investment property

The Parent Entity and Subsidiary has adopted the fair value approach in determining the carrying value of its investment property. While the Parent Entity and Subsidiary has opted to rely on independent appraisers to determine the fair value of its investment property, such fair value was determined based on recent prices of similar property, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Parent Entity made different judgments and estimates or utilized different basis for determining fair value (Note 3.9).

The fair value of investment property is P889,000,000, P870,000,000, and P830,000,000 (Note 13) as at December 31, 2022, 2021, and 2020, respectively.

Unrealized gain from investment property revaluation amounting to P19,000,000, P40,000,000, and P39,500,000 (Note 13) related to investment property is recognized for the year ended December 31, 2022, 2021, and 2020, respectively.

d. Recoverability of exploration and evaluation of assets

Exploration and evaluation costs are recognized as assets in accordance with PFRS 6, Exploration for and Evaluation of Mineral Resources. Capitalization of these costs is based, to a certain extent, on management's judgment of the degree to which the expenditure may be associated with finding a specific mining reserve.

The application of the Parent Entity and Subsidiary's accounting policy for exploration and evaluation assets requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after the exploration and evaluation assets are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the period when the new information becomes available.

The Parent Entity and Subsidiary reviews the carrying values of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceed their fair value. The factors that the Parent Entity and its Subsidiary's considers important which could trigger an impairment review of exploration and evaluation assets include the following:

- the period for which the Parent Entity and its Subsidiary has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mining reserves in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mining reserves in the specific area have not led to the discovery of commercially viable mining reserves and the Parent Entity and Subsidiary decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Parent Entity and Subsidiary determines impairment of projects based on the assessment of the technical group of its Indonesian partner or based on management's decision not to pursue any further commercial development of its exploration projects.

The impairment losses on exploration and evaluation assets amounted to P16,824,116 (Note 25) as at December 31, 2022

e. Impairment of non-financial assets

The Parent Entity and Subsidiary's policy on estimating the impairment of non-financial assets is discussed in Note 3.11. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

The impairment losses on exploration and evaluation assets amounted to P16,824,116 (Note 25) as at December 31, 2022

f. Estimated retirement benefits

The determination of the Parent Entity and Subsidiary's obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions are, and include, among others, discount rate and salary increase rate. In accordance with PAS 19 (Revised), actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

PAS 19 (Revised) also requires a retrospective application which means that minimum disclosure requirements shall be made in the comparative period as well as the current period.

The retirement benefit expense, liability and detailed discussion of sensitivity analysis are discussed in Note 18.

g. Income taxes

A certain degree of significant judgment is required in determining the provision for income taxes as there are certain transactions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The income tax (benefit) deferred recognized for the years ended December 31, 2022, 2021, and 2020 amounted to (P26,627), P168,071, and P238,658 (Note 16), respectively.

h. Recognition of deferred tax assets

The carrying amounts of deferred income tax assets at each financial reporting date are reviewed and are reduced to the extent that there is no longer sufficient future taxable income available to allow all or part of the deferred income tax assets to be utilized. The Parent Entity and Subsidiary's assessment of the recognition of deferred tax assets on deductible temporary differences, and the carryforward benefits of excess MCIT and NOLCO is based on the forecasted taxable income for the future years. This forecast is based on the Parent Entity and Subsidiary's past results and future expectations on revenue and expenses.

The carrying values of deferred tax assets, which the management assessed to be fully utilized within the next two (2) to three (3) years amounts to P1,037,712, P1,005,523, and P1,199,398 (Note 16) as at December 31, 2022, 2021, and 2020, respectively.

The Company also has deductible temporary differences, carryforward benefits of unused NOLCO and excess MCIT for which no deferred income tax asset was recognized (Note 16).

NOTE 6 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Parent Entity and Subsidiary are exposed to a variety of financial risks: credit risk, liquidity risk, market risk, fair value estimation and fair value hierarchy. The Parent Entity and Subsidiary's overall risk management program seek to minimize potential adverse effects on its financial performance and to make an optimal contribution to its revenues by managing these risks. The Parent Entity and Subsidiary's risk management, vested thru the Board of Directors, focuses on actively securing their short to medium-term cash flows by minimizing the exposure to financial risks. Long-term financial investments are managed to generate lasting returns.

The Parent Entity and Subsidiary's response to the risks and challenges they face are as follows:

- To explore less risky exploration and exploitation of minerals,
- Shorten the exploration period and look for the most economical ways to explore and conduct the latest geological and geophysical techniques to minimize the risks of exploration,
- To engage experts to utilize proven hedge and financial initiatives to mitigate and minimize inherent risks of the volatility of commodities, and
- To place importance on community welfare and community relationship.

The policies for managing specific risks are summarized below:

Financial risk factors

The Parent Entity and Subsidiary's financial assets and liabilities, comprising mainly of cash and cash equivalents, other receivable, deposit, investment in stocks, accruals and other payables (except payable to government agencies) and advances from shareholders are exposed to a variety of financial risks. The

management ensures that it has sound policies and strategies in place to minimize the potential adverse effects of these risks on the Parent Entity and Subsidiary's financial performance.

6.1 Credit risk management

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Parent Entity and Subsidiary. The Parent Entity and Subsidiary have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated financial statements or in the detailed analysis provided in the notes to consolidated financial statements, as summarized below:

2022	Note	Carrying amount	Neither past due nor impaired	Past due but not impaired
Cash and cash equivalents*	8	3,119,310	3,119,310	-
Other receivables	9	11,600	11,600	
Investment in stocks	11	80,000	80,000	-
Refundable deposit	15	-	-	-

2021	Note	Carrying amount	Neither past due nor impaired	Past due but not impaired
Cash and cash equivalents*	8	2,510,408	2,510,408	-
Other receivables	9	56	6,862	-
Investment in stocks	11	80,000	80,000	-
Refundable deposit	15	4,500	-	4,500
		2,594,964	2,597,270	4,500

2020	Note	Carrying amount	Neither past due nor impaired	Past due but not impaired
Cash and cash equivalents*	8	2,900,333	2,900,333	-
Other receivables	9	6,862	6,862	
Investment in stocks	11	80,000	80,000	-
Refundable deposit	15	45,000	-	45,000
		3,032,195	2,987,195	45,000

**Excluding cash on hand and petty cash fund*

None of the above financial assets are used for collateral or other credit enhancements.

Accordingly, the Parent Entity and Subsidiary have assessed the quality of the following financial assets:

1. The credit risk for cash and cash equivalents is assessed as low risk since cash are deposited in reputable banks which have a low probability of insolvency.

2. Other receivables pertain to receivable from employees and accrued interest from time deposit. The credit risk is assessed as low risk since it is collected thru salary deduction and deposited in a reputable bank which has a low probability of insolvency.

3. The maximum exposure to credit risk of the Company from the investment in stock is equivalent to the fair value of the shares in the PSE as at the reporting date.

4. The Parent Entity and Subsidiary's refundable deposit is presented as non-current asset as it is not expected to be refunded within the next twelve (12) months. The risk associated with the refundable deposit is very low since the amount can be collected upon the return of the gas cylinder.

6.2 Liquidity risk management

Liquidity risk is the risk that the Parent Entity and Subsidiary will encounter difficulty in meeting obligations associated with financial liabilities.

As at December 31, 2022, 2021, and 2020, the Parent Entity and Subsidiary's financial liabilities have contractual maturities as follows:

		2022		2021		2020	
2021	Note	3 to 12 months	More than 12 months	3 to 12 months	More than 12 months	3 to 12 months	More than 12 months
Accruals and other payables *	17	1,739,168	-	1,199,097	-	755,803	-
Advances from shareholders	19	62,054,840	-	-	55,716,153	-	50,433,840
		63,794,008	-	1,199,097	55,716,153	755,803	50,433,840

** Excluding withholding taxes, documentary stamp tax, SSS, PHIC and HDMF payables*

The total current assets exceeded the total current liabilities by P1,367,421, P1,291,736, P2,170,496 as at December 31, 2022, 2021, and 2020, respectively, computed as follows:

	2022	2021	2020
Total current assets	3,159,590	2,538,339	2,939,360
Total current liabilities	1,792,169	1,246,603	768,864
	1,367,421	1,291,736	2,170,496

The Parent Entity and Subsidiary manage liquidity risk by maintaining adequate highly liquid assets in the form of cash and cash equivalents. Management has no knowledge of any other trends, demands, commitments, events, or uncertainties that would have a material impact on the Parent Entity and Subsidiary's liquidity. It looks at its current assets as a source of liquidity. A call on subscription receivable is an alternative to raise cash. The major shareholders have committed to pay their subscription payable to the Parent Entity as the need arises.

6.3 Market risk management

Market risk is the risk of loss to future earnings, to fair value or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as

a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes.

The Parent Entity and Subsidiary is exposed to stock market risk due to fluctuations in the value of its investments and financing opportunities. Management monitors this risk and takes necessary actions to mitigate it.

6.3.1 Interest rate and foreign currency risk

The Parent Entity and Subsidiary's exposure to the risk of changes in interest rates is minimal since the cash and cash equivalents have fixed interest rates not affected by interest rates in the market.

The Parent Entity and Subsidiary is exposed to foreign currency risk primarily with respect to the monetary assets denominated in US Dollar. The Parent Entity and Subsidiary's financial position and financial performance are affected by the movements in the Philippine Peso to US Dollar exchange rates. Foreign currency risk arises when recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Parent Entity and Subsidiary's foreign currency denominated monetary asset is shown in Note 23.

As at December 31, 2022, if the Philippine Peso has weakened/strengthened by 0.48% against the US Dollar with all other variables held constant, loss for the year would have been lower/higher by (P21,731), mainly as a result of foreign exchange gains/losses on translation of US Dollar denominated net assets shown in Note 22. The 0.84% volatility is based on 30-day historical foreign currency fluctuations experienced by the Parent Entity and Subsidiary.

6.3.2 Other price risk sensitivity

The Parent Entity and Subsidiary's market price risk arises from available-for-sale financial asset which is carried at fair value. It manages its risk by monitoring the changes in the market price of the investments.

For the equity securities, there was no available market value in PSE due to the continuous suspension of Philcomsat Holdings Corporation (PHC).

6.4 Fair value estimation of financial assets and liabilities

The carrying amounts of financial assets and liabilities which approximate fair values as presented in the consolidated statements of financial position are shown below:

		2022		2021		2020	
	Note	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Financial assets:							
Cash and cash equivalents*	8	3,119,310	3,119,310	2,510,408	2,510,408	2,900,333	2,900,333
Other receivables	9	11,600	11,600	56	56	6,862	6,862
Investment in stocks	11	80,000	80,000	80,000	80,000	80,000	80,000
Refundable deposit	15	-	-	4,500	4,500	45,000	45,000
		3,210,910	3,210,910	2,594,964	2,594,964	3,032,195	3,032,195
**Excluding cash on hand and petty cash fund*							
Financial liabilities:							
Accruals and other payables*	17	1,739,168	1,739,168	1,246,603	1,246,603	755,803	755,803
Advances from shareholder	19	62,054,840	62,054,840	55,716,154	55,716,154	50,433,840	50,433,840
		63,794,008	63,794,008	56,962,757	56,962,757	51,189,643	51,189,643

**Excluding withholding taxes, documentary stamp tax, SSS, PHIC and HDMF payable.*

6.5 Fair value hierarchy of financial assets that are measured at fair value on a recurring basis

Financial Assets	Fair Values as at			Fair Value Hierarchy	Valuation Technique(s) / Key input(s)	Significant unobservable input(s)
	12/31/2022	12/31/2021	12/31/2020			
Investment in stocks	80,000	80,000	80,000	Level 3	Discounted cash flows	Not applicable

Investment in stocks has no available market values since 2010. The carrying amount is the approximate fair value.

6.6 Fair value hierarchy of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Financial Assets / Financial Liabilities	Fair Values as at			Fair Value Hierarchy	Valuation Technique(s) / Key input(s)	Significant unobservable input(s)
	12/31/2022	12/31/2021	12/31/2020			
Cash and cash equivalents*	3,119,310	2,510,408	2,900,333	Level 3	Discounted cash flows	Not applicable
Other receivables	11,600	56	6,862	Level 3	Discounted cash flows	Not applicable
Investment in stocks	80,000	80,000	80,000	Level 3	Discounted cash flows	Not applicable
Refundable deposit	-	4,500	45,000	Level 3	Discounted cash flows	Not applicable
Accruals and other payables**	1,739,168	1,246,603	755,803	Level 3	Discounted cash flows	Not applicable
Advances from shareholders	62,054,840	55,716,154	50,433,840	Level 3	Discounted cash flows	Not applicable

** Excluding cash on hand and petty cash*

NOTE 7 - OPERATING SEGMENT

An operating segment is a component of the Parent Entity and Subsidiary that (a) engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity, (b) whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

In 2009, with the interest of the Parent Entity and Subsidiary in mining, this business segment can be reported as an operating segment even though it is still in its exploratory stage. The business segment is organized and managed separately according to the nature of the services provided. A segment asset includes all operating assets used by a segment and consists of supplies, deposits, exploration and evaluation assets, property and equipment (net of accumulated depreciation).

With the granting of the rights of exploration, exploitation, development, and operation of the mining concessions in Indonesia, information about this mining business segment is as follows:

	Note	2022	2021	2019
Mining business segment		None to report	None to report	None to report
Segment assets				
Exploration and evaluation asset	14	33,648,232	50,472,348	50,472,348

NOTE 8 - CASH AND CASH EQUIVALENTS

This account consists of:

	2022	2021	2020
Cash equivalents	2,390,839	2,162,104	2,044,667
Cash in banks	728,471	348,304	855,666
Petty cash fund	4,000	4,000	4,000
Cash on hand	-	-	3,670
	3,123,310	2,514,408	2,908,003

Cash in banks generally earn interest at prevailing bank deposit rates. Cash equivalents are placements good for thirty-five (35) days with one local bank depending on the immediate cash requirements and earn interest at the prevailing short-term deposit rate of 0.50% per annum. Due to the short-term nature of such transactions, the carrying value approximates fair value of the temporary cash investments.

Total interest income from bank deposits for the years ended December 31, 2022, 2021, and 2020 amounts to P3,754, P1,153, and P3,098, respectively.

Unrealized foreign exchange gain (loss), net recognized in the statements of comprehensive income due to restatement of the cash in bank and cash equivalents dollar accounts amounted P242,952, P124,424, and (P122,961) (Note 23) for the years ended December 31, 2022, 2021, and 2020, respectively.

NOTE 9 - OTHER RECEIVABLES

This account consists of:

	2022	2021	2020
Salary loan receivable	11,600	-	-
Accrued interest on time deposit	-	56	17
Other receivables	-	-	6,845
	11,600	56	6,862

Salary loan earns an interest rate of 16% per annum payable on a monthly/semi-monthly installment.

Other receivables pertain to the proportion of salary loans of the employee of Filipinas Golf Country Club, Inc. as a co-maker of the promissory note.

The Parent Entity and Subsidiary believes that the carrying amount of other receivables approximates fair value due to its short-term nature.

NOTE 10 - PREPAYMENTS

This account pertains to advance payments on the Parent Company's cars insurance coverage, membership fees and subscription which are unexpired amounting to P24,680, P23,875, and P24,495 as at December 31, 2022, 2021, and 2020, respectively.

NOTE 11 – INVESTMENT IN STOCKS

Investment in stocks measured at fair value through OCI consists of the following as at December 31, 2020:

	2022	2021	2020
Quoted equity instruments			
Philcomsat Holdings Corp.	80,000	80,000	80,000

There was no available market value for Philcomsat Holdings Corporation (PHC) as at December 31, 2022, 2021, and 2020 due to its suspension by the Philippine Stock Exchange (PSE) since December 21, 2007.

On December 3, 2008 the Corporation Finance Department of the SEC issued an order of suspension of PHC's Registration of Securities for violation of SRC Rules 17.1 (1) (A) (i) & (ii) due to its continuing failure to file its 2006 and 2007 annual reports as well as its 1st, 2nd and 3rd quarterly reports for 2007. As at December 31, 2022, the suspension has not been lifted. PHC is a subject of intra-corporate controversies. Due to the unavailability of a market price, a valuation technique could be used to establish its fair value. Valuation techniques include using arm's length market transactions between knowledgeable parties, if available; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. However, due to intra-corporate controversies in which PHC has been involved for several years now, management has decided to take a conservative in stand and provide a 90% allowance based on cost for the impairment of its investment. No fair value gain (loss) was recognized in 2022, 2021, and 2020.

As at December 31, 2022, the suspension has not been lifted. PHC is a subject of intra-corporate controversies. Due to the unavailability of a market price, a valuation technique could be used to establish its fair value. Valuation techniques include using arm's length market transactions between knowledgeable parties, if available; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. However, due to intra-corporate controversies in which PHC has been involved for several years now, management has decided to take a conservative stand and provide a 90% allowance based on cost for the impairment of its investment. No fair value gain (loss) was recognized in 2022, 2021 and 2020.

Due to suspension in PSE, there is no available market value for both investments, thus, there is no net accumulated unrealized gain on financial assets at FVOCI as at December 31, 2022, 2021 and 2020.

As at December 31, 2022, the book value per share is P1.45 per share based on the Consolidated Financial Statements of the Corporation.

NOTE 12 – PROPERTY AND EQUIPMENT, NET

Details of property and equipment as at December 31, 2022, 2021, and 2020 are as follows:

	Building	Transportation equipment	Welding Equipment	Office equipment	Office furniture and fixture	Total
Gross carrying value:						
January 1, 2020	2,193,697	1,150,000	1,397,734	70,379	134,770	4,946,580
Disposals	-	-	-	-	-	-
December 31, 2020	2,193,697	1,150,000	1,397,734	70,379	134,770	4,946,580
Disposals	-	-	-	-	-	-
December 31, 2021	2,193,697	1,150,000	1,397,734	70,379	134,770	4,946,580
Disposals	-	-	-	(50,850)	(19,395)	(70,245)
December 31, 2022	2,193,697	1,150,000	1,397,734	19,529	115,375	4,876,335
Accumulated depreciation:						
January 1, 2020	2,193,696	1,150,000	1,397,734	67,246	134,770	4,943,446
Depreciation	-	-	-	3,132	-	3,132
December 31, 2020	2,193,696	1,150,000	1,397,734	70,378	134,770	4,946,578
Depreciation	-	-	-	-	-	-
December 31, 2021	2,193,696	1,150,000	1,397,734	70,378	134,770	4,946,578
Depreciation	1	-	-	(50,849)	(19,395.00)	(70,243)
December 31, 2022	2,193,697	1,150,000	1,397,734	19,529	115,375	4,876,335
Carrying value:						
As at December 31, 2020	1	-	-	1	-	2
As at December 31, 2021	1	-	-	1	-	2
As at December 31, 2022	-	-	-	-	-	-

The above property and equipment have not been used as collateral for a loan.

There are no contractual commitment for the acquisition of property and equipment as at December 31, 2022, 2021, and 2020.

The gross carrying value of fully depreciated property and equipment still in use by the Parent Entity and Subsidiary amounted to P4,876,335, P4,946,580, and P4,946,580 as at December 31, 2022, 2021, and 2020, respectively.

NOTE 13 – INVESTMENT PROPERTY

This represents the transfer value or consideration of the parcel of land which was used as full payment of the subscription of the President Oliverio G. Laperal, Sr. on the increase in authorized capital stock of the Parent Entity and Subsidiary amounting to P400 million. The parcel of land is located at 1004 EDSA, Quezon City with a land area of five thousand (5,000) sq.m. This investment property is covered by TCT No. N-307207 issued by the Land Registration Authority to Imperial Resources, Incorporated on September 3, 2007. An annotation on the title states that "the acquisition of the property described in this title/certificate is by virtue of tax free exchange pursuant to Section 40 C (2) of the National Internal Revenue Code (NIRC) of 1997 per Deed of Assignment of Real Property dated February 2, 2007".

The Parent Entity and Subsidiary's investment property is measured using the fair value model.

The fair value of the Parent Entity and Subsidiary's investment property is as follows:

	2022	2021	2020
Fair value, January 1	870,000,000	830,000,000	790,500,000
Gain from investment property revaluation	19,000,000	40,000,000	39,500,000
Fair value, December 31	889,000,000	870,000,000	830,000,000

The value of the property is based on the appraisal made by Cuervo Appraisers, Inc., an independent appraiser accredited with Securities and Exchange Commission, Philippine Stocks Exchange and Bangko Sentral ng Pilipinas, and determined using the Sales Comparison Approach. This is a comparative approach to the value that considers the sales of similar, or substitute properties and related market data which establishes a value estimate by processes involving comparison. Based on the analysis and considering the location, size, shape and physical characteristics, highest and best use of the subject property, the appraiser's report indicated that the fair market value of the land is P889,000,000, P870,000,000, and P830,000,000 as at December 31, 2022, 2021, and 2020, respectively.

The Parent Entity and Subsidiary assessed that the investment property is considered a capital asset under Sec. 39 (A) (1) of the NIRC subject to capital gains tax upon sale and the Parent Entity and Subsidiary does not intend to sell the property. Thus, the gain from the revaluation is considered a permanent difference in the income tax computation and no deferred tax liability is recognized (Note 16).

The above investment property has not been used as collateral for a loan.

Details of the Parent Entity's investment property and information about the fair value hierarchy as at December 31, 2022 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 12/31/22
Investment property	-	889,000,000	-	889,000,000

There were no transfers between Level 1 and 2 during the year.

NOTE 14 - EXPLORATION AND EVALUATION ASSETS

This account consists of:

	Acquisition of rights to explore	Geophysical studies	Total
Gross carrying value:			
January 1, 2020	11,795,500	38,676,848	50,472,348
Additions	-	-	-
December 31, 2020	11,795,500	38,676,848	50,472,348
Additions	-	-	-
As at December 31, 2021	11,795,500	38,676,848	50,472,348
Additions	-	-	-
Impairment loss	(3,931,833)	(12,892,283)	(16,824,116)
As at December 31, 2022	7,863,667	25,784,565	33,648,232

On January 30, 2009, a Memorandum of Agreement was made by/and between the Parent Entity and PT. Aspal Buton Nasional granting the Parent Entity the exclusive right of exploration, exploitation, development and operation of the subject mining concessions. Upon signing of the Memorandum of Agreement, the amount deposited in September 2008 was recorded as Exploration and Evaluation Asset.

In 2009, the Indonesian partners obtained the services of Jurusan Teknik Pertambangan, Fakultas Teknologi Mineral, Universitas Pembangun Nasional "Veteran" Yogyakarta to conduct a geophysic and geophysical (Electric Resistivity) study of the Buton asphalt in Wakaokili and Waangu-angu, Pasarwajo, Kabupaten Buton. The geophysical interpretation data was necessary to determine the site for drilling exploration and the depth and thickness of asphalt-bearing rock. The cost of the survey amounting to US$100,000 was included and capitalized as E&E Assets.

The scope of work done involved geologic survey, geophysical resistivity measurement and rock bearing asphalt interpretation, resource estimation with inferred classification and determination of drilling exploration area.

The preparation of work included licensing, collection of secondary date and literature, preparation of equipment and materials, establishment of teamwork and preliminary field survey. Reconnaissance in the areas was done to assess the geophysical, social, and cultural conditions. Geologic mapping of the existence of asphalt was done. Electric resistivity or electrical geophysics was used to measure the underground conditions which utilized differences in electric potential to identify sub-surface material.

The final report on the Electric Resistivity Survey showed the following:

1. Asphalt resources or reserves in Waangu-angu Block with inferred resources classification of 39,083,000 m3;
2. Asphalt resources or reserves in Wakaokili Block with inferred resources classification of 16,963,000 m3;
3. Recommendations:
    a. To get exact resources or reserves the electric resistivity survey done should be followed by detailed drilling exploration
    b. Drilling area recommended was the Western part of Waangu-angu Concession and Southern part of Wakaokili Concession with the limit equal to the bottom deep of the sandstone layer.

Additional geologic and geophysical surveys for the second phase of the Exploration Program entailed additional pouring of funds into the project during 2010 which were capitalized as Exploration and Evaluation Asset.

In May 2011 and August 2011, the amount of US$120,000 and US$100,000, respectively, were remitted to Mr. Eddy Surohadi for the account of PT. Aspal Buton Nasional and PT Indominas to fund the additional geological works/studies needed for the preparation of the project feasibility report and environmental impact report required pending conversion of PT Aspal Buton Nasional Exploration permit to development and exploitation permit. In February, 2012 US$60,000 and another US$60,000 in September were both remitted to Mr. Eddy Surohadi for the account of PT. Aspal Buton Nasional and PT Indominas to cover the budget required for additional geological works/studies needed for the preparation of the project feasibility report and environmental impact report for the mining concession area in Buton Island. In 2013, the Parent Entity remitted another US$100,000 and US$20,000 in April and November to secure an extension on the lease of the mining concession in Buton Island. In 2014, the Parent Entity remitted the amount of US$102,000 to Mr. Eddy Surohadi for obtaining informal approval for the exploitation concession of the 1,722 hectares Waangu-Angu areas including the cost of the preparation of the required technical report on post-production program to restore most of the mined-over areas to usable condition. During the year 2015, the Company remitted US$99,250 to Mr. Eddy Surohadi for the account of P.T. Asphal Buton and P.T. Indominas to cover the budget required for various technical and tax expenses on the CNC (Clean and Clear Certificate) IUP Production Program for the coverage area of 1,722 hectares. No remittances were made for the years ended December 31, 2022, 2021, and 2020.

As discussed in Note 2, the Parent Entity and Subsidiary is proceeding with caution and at the same time re-evaluating its Indonesian mining project owing to the precipitous fall in the world price of crude, the Parent Entity is at present inclined to pursue the said project for that reason the Indonesian partners have been continuously looking for foreign partners to invest the capital needed after they have secured formal approval of the exploitation concession because of its viability. Further, the Board of Directors, in its special meeting on April 6, 2019, has approved the plan of the Parent Entity and Subsidiary on the encouraging prospects of its, local and offshore, mining exploration in view of its economic import and despite rigorous government regulations. Business opportunities in 2020 and 2021 had not been actively pursued due to the pandemic, however, in 2022, as soon as health and travel conditions improve, Management plans to pursue a business meeting and discussion with the Indonesian Partners for further exploratory and mining activities of the project.

The Company is still in the exploration and evaluation stages of mineral resources. The Company's management assessed that its E&E Assets are partially impaired as they foresaw the uncertainty of the renewal of their Operating License Agreement Mining Exploration Permit pending the definitive response from their Claimowners or their counterpart in Indonesia and no budget had been planned nor made for the continuity of its exploration and as manifested by the Company through its Board Resolution dated April 13, 2023.

Management decisions to take up impairment loss on E&E Assets

The management decisions to take up impairment losses on E&E assets, in relation to paragraph 20 of the Philippine Financial Reporting Standards (PFRS) 6, for the following reasons:

i) the management is still awaiting the technical, financial, and developmental reports from its Indonesian partners, especially on the current status of Production Operations Mining Agreement issued by the Indonesian government on April 28, 2014.

ii) While the mining agreement has term of twenty (20) years, management is not certain whether it has expired for unknown reasons or if its can be renewed under government-prescribed conditions of Indonesia;

iii) That management cannot prepare a definite budget or developmental plan for it to continue its exploration activities until it receives the requested reports.

Management decisions for recognition of one- third (1/ 3) impairment loss on E&E Assets

The management was able to establish communication with Mr. Eddy Surohadi of P.T. Aspal Buton and P. T. Indominas. In the letter, management requested Mr. Surohadi to submit the pertinent financial reports with corresponding documentary proofs in support of the various disbursements/expenses incurred for the mining project and the status of the Production Operations Mining Agreement issued by the Indonesian government to P.T. Aspal Buton Nasional. Also, management requested Mr. Surohadi to make his project assessment report including his suggestions or available options for the Company under the present economic conditions both in Indonesia and in the Philippines in order to recover the entire exploration expense.

Currently all expenditures regarding the mining project are all classified under the Exploration and Evaluation Assets Account since the Company is still in the exploration and evaluation stages of the mineral resources. With the submission of supporting documents for the various expenditures, management will be able to definitively analyze, determine and classify them.

The status report of Mr. Surohadi regarding the Production Mining Agreement issued by the Indonesian government shall guide management to determine whether the Exploration and Evaluation assets will be assessed or classified for impairment.

While the Mining Permit term granted by the Indonesian government is for twenty (20) years, the suspension of the funding of and other budgetary activities during the production operation stage due to the deteriorating physical condition of the former President, Mr. Oliverio G. Laperal, Sr., after a stroke and subsequent demise, and by the incident of the Corona Virus Disease 2019 (Covid-19) Pandemic, there might have been governmental policies, laws, rules and regulations imposed by the Indonesian government affecting said mining permit.

The management received a reply from Mr. Surohadi wherein he stated that he will respond to the letter as soon as possible. Management is hopeful that with the data or information to be disclosed by Mr. Surohadi, it can study extensively the financial aspects, evaluate and analyze the technical feasibility and commercial viability of the mining project, considering the very promising results of the Resistivity Geophysic Study.

Since the communications with Mr. Eddy Surohadi has been established, management is hopeful for more discussions, meetings and fruitful collaboration with him before it can come up with a decision as to what courses of action to take regarding the mining project.

The stockholdings of the late Mr. Oliverio G. Laperal, Sr. represents Eighty three point seven one four per cent (83.714%) of the total shares of the capital outstanding and issued by the Company is. presently, the subject of probate proceedings. The probate court's approval of the administration, distribution and disposition of the estate of Mr. Oliverio L. Laperal, Sr. is another factor that management has to consider since these shares being part of his Estate will be distributed to his designated heirs.

Management submitted to the Board of Directors during the special board meeting held on April 13, 2023 for their consideration, ratification and approval of the plan of the Company, Imperial Resources

Incorporated, to consider the impairment of its mining exploration in Buton Island and Waangu-Angu, Sulawesi, Indonesia, to be impaired over the period of three (3) years, owing to the –

(i) precipitous fall in the price of crude gas and oil;
(ii) risk management about the peace and order in the prospective mining areas/sites;
(iii) variability and precariousness in the conduct and development of geologic and geophysical (Electric Resistivity) surveys for commercial gas and oil exploration, drillings and discovery;
(iv) eventual expiration of the mining exploration concession/permit;
(v) restrictive and/or prohibitive environmental impact mitigating measures and requirements;
(vi) suspension of budgetary activities during the production operation stage due to the deteriorating physical condition of the former President, Mr. Oliverio G. Laperal, Sr., after a stroke and subsequent demise on August 26, 2018;
(vii) pending probate court administration and management of the Eighty-Three point Seven One Four percent (83.714%) of the capital stock issued by Imperial Resources Incorporated in the name of Oliverio G. Laperal, Sr.;
(viii) health, security, social, political, and economic impact of the Corona Virus Disease 2019 (COVID-19) Pandemic; and,
(ix) ominous rippling effect of the war between the States of Russia and Ukraine; and was ratified and approved.

The management's decision of three (3) years) impairment on the exploration and evaluation assets because of the following factors namely:

i) management believes that within the period of three (3) years it shall have received all technical, financial and developmental reports from its Indonesian partners;
ii) management shall have evaluated, studied, analyzed and collaborated with its Indonesian partners;
iii) management shall have determined whether the project is commercially viable or nor;
iv) if it is a viable, it shall have come up with plans to finance the project including preliminary talks for possible joint venture
v) management shall have undertaken the courses of actions decided upon; and
vi) the Indonesian government as announced by its top government official in 2022, shall have started to aggressively develop Buton Island's asphalt deposit as a measure to stop importation asphalt by 2024.

NOTE 15 - REFUNDABLE DEPOSIT

This account consists of:

	2022	2021	2020
Refundable gas cylinder	4,500	45,000	45,000
Less: Allowance for impairment loss	4,500	40,500	-
	-	4,500	45,000

NOTE 16 - INCOME TAXES

The components of for income tax (expense) benefit-deferred reported in the statements of comprehensive income are as follows:

	2022	2021	2020
Income tax (expense) benefit - deferred	(26,627)	168,071	238,658

The deferred tax asset (DTA) on Net Operating Loss Carry-over (NOLCO) for the years ended December 31, 2022, 2021, and 2020 is computed as follows:

	2021	2021	2020
Consolidated income (loss) before income tax	12,625,988	33,671,111	33,100,187
Equity share in net loss of subsidiary - Parent Entity	(275,231)	304,385	237,056
Separate net loss of subsidiary	(2,780)	3,075	2,395
Profit (loss) before income tax	12,347,977	33,978,571	33,339,638
Adjustment:			
Deductible expense:			
Retirement benefits paid	-	-	(1,005,683)
Add (deduct):			
Temporary differences:			
Accrual of retirement benefits expense	106,509	127,315	210,155
Unrealized gain (loss) on foreign exchange in the previous year, realized in the current year	(242,952)	(122,961)	(89,603)
Unrealized loss (gain) on foreign exchange in the current year	124,424	(124,424)	122,961
Permanent differences:			
Interest income subject to final tax	(3,754)	(1,153)	(3,098)
Non-deductible penalties and surcharges	-	171	-
Gain from investment property revaluation unrealized	(19,000,000)	(40,000,000)	(39,500,000)
NOLCO	(6,667,796)	(6,142,481)	(6,925,630)
Tax rate	25%	25%	30%
Deferred tax asset (DTA) on NOLCO	(1,666,949)	(1,535,620)	(2,077,689)

The Parent Entity and Subsidiary's Minimum corporate income tax (MCIT) payable for the year ended December 31, 2019 amounted to P2,513 computed as follows:

	2022
Unrealized gain on foreign exchange realized in the subsequent year	124,424
Interest income on salary loan	-
Taxable income	124,424
MCIT rate	2%
MCIT payable	2,488

The Parent Entity and Subsidiary has income subject to MCIT for the year ended December 31, 2022

The deferred tax asset on NOLCO is recognized only if there is a virtual certainty that the deferred tax asset can be realized against future tax liabilities. Since the management believes that there is an absence of virtual certainty that the deferred tax asset can be realized, then the same is not given recognition.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was enacted into law as RA No. 11543 by virtue of the approval of the President of the Philippines with nine (9) vetoed provisions. Below are the relevant salient features of the Act to the Company:

a. Corporate Income Tax rate is reduced from thirty percent (30%) to twenty percent (20%) for domestic corporations with net taxable income not exceeding five million pesos (P5,000,000) and with total assets not exceeding one hundred million pesos (P100,000,000). All other domestic corporations and resident foreign corporations will be subject to twenty-five percent (25%) income tax rate. Said reductions are effective July 1, 2020,
b. Minimum Corporate Income Tax (MCIT) rate is reduced from two (2%) to one (1%) effective July 1, 2020 to June 30, 2023.

The measure is set to take effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation which is on April 11, 2021. Afterwards, the Implementing Rules and Regulations (IRR) will be issued by the Bureau of Internal Revenue (BIR).

The Company had applied and used the effective rate of the approved income tax rate under the CREATE Act in its computation of tax benefit on NOLCO as at December 31, 2021 using the 25% average tax rate on normal income tax pursuant to Revenue Regulations (RR) No. 5-2021. In 2022, the Company applied the 25% income tax rate.

The Parent Entity and Subsidiary income tax payable for the year ended December 31, 2022 amounted to P2,488 computed as follows:

	2022
Normal income tax	-
MCIT	2,488
Higher - MCIT	2,488
Less: Income tax payment (Q1 - Q3)	
1st Quarter	-
2nd Quarter	-
3rd Quarter	-
Income tax payable	2,488

The Company has income subject to MCIT for the year ended December 31, 2022.

The Parent Entity and Subsidiary's deferred tax asset as at December 31, 2022, 2021, and 2020 is computed as follows:

		2022		2021		2020	
	Note	Tax base	DTA	Tax base	DTA	Tax base	DTA
Temporary differences:							
Retirement benefit obligation	18	4,150,847	1,037,712	4,022,092	1,005,523	3,997,992	1,199,398

Realization of future tax benefit related to DTA is dependent on the Parent Entity and Subsidiary's ability to generate future taxable income during the periods in which these are expected to be recovered. The Company has considered these factors in reaching a conclusion as to the amount of DTA recognized as at December 31, 2022, 2021, and 2020. Further, the Parent Entity and Subsidiary regularly reviews the recoverability of the DTA recognized. The DTA related to impairment loss on due from subsidiary, unrealized gain on foreign exchange, MCIT and NOLCO are not recognized since management believes that there is an absence of virtual certainty that the DTA can be realized against future tax liabilities.

The movements in DTA for the years ended December 31, 2022, 2021, and 2020 are as follows:

	2022	2021	2020
DTA balance at beginning of the year	1,005,523	1,199,398	1,347,887
DTA on retirement benefit obligation credited (charged to):			
Profit for the year	26,627	31,829	63,047
Other comprehensive income for the year	5,562	(25,804)	90,170
Effect on retrospective application of CREATE		(199,900)	-
Reversal on DTA on retirement benefit paid		-	(301,705)
DTA balance at end of the year	1,037,712	1,005,523	1,199,398

The reconciliation of income tax expense (benefit) on profit from operations computed at the statutory income tax rate to the income tax benefits - deferred reflected in the statements of comprehensive income for the years ended December 31, 2022, 2021, and 2020 are as follows:

	2022	2021	2020
Income tax expense (benefit) on profit from operations at the statutory income tax rate of 25/30%	(1,091,763)	8,374,642	9,869,891
Equity share in net loss of subsidiary			
Separate net loss of subsidiary	25%	25%	30%
Adjustments for:			
Interest income subjected to final tax	(939)	(288)	(929)
Non-deductible penalties and surcharges	-	-	-
Gain from investment property revaluation	(4,750,000)	(10,000,000)	(11,850,000)
Unrecognized DTA on impairment loss on due from subsidiary	15	120,000	132,000
Unrecognized DTA on unrealized gain (loss) on foreign exchange	111,734	(61,846)	10,007
Unrecognized DTA on NOLCO	(29,632)	1,535,663	2,077,689
Effect on retrospective application of CREATE	5,733,958	199,900	-
Unrecognized DTA on MCIT	-	-	-
	(26,627)	168,071	238,658

The unrealized gain from investment property revaluation amounting to P19,000,000, P40,000,000, and P39,500,000 (Note 13) for the years ended December 31, 2022, 2021, and 2020, respectively, is considered as permanent difference, thus, no deferred tax liability has been provided.

The balance of NOLCO as at December 31, 2021 may be used by the Parent Entity and Subsidiary as additional deductions against their respective future taxable income. Similarly, the MCIT balance as at December 31, 2022 may be applied against future income tax liabilities of the Parent Entity and Subsidiary.

The balances of NOLCO and MCIT, with their corresponding years of expiration, are as follows:

Incurred for the year ended December 31	Available until December 31	NOLCO	MCIT
2022	2027	5,733,958	
2021	2026	6,142,481	-
2020	2025	6,925,630	-
		18,802,069	-

Pursuant to the Revenue Regulations (RR) No. 25-2020 entitled *"Rules and Regulations Implementing Section 4 (bbbb) of the Republic Act (RA) No. 11494, otherwise known as the "Bayanihan to Recover as One Act" Relative to Net Operating Loss Carry-Over (NOLCO) Under Section 34 (D) (3) of the National Internal Revenue Code (NIRC), As Amended"*, the net operating loss for the taxable years 2021 and 2022 shall be allowed to carry over the same as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction ever after the expiration of RA No. 11494 provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

The Company is subject to the minimum corporate income tax (MCIT), computed at one-percent (1%) of gross income, as defined under the tax regulations. However, the Company is not liable to MCIT for 2022 since interest income from bank deposits is net of final tax.

NOTE 17 - ACCRUALS AND OTHER PAYABLES

This account consists of:

	2022	2021	2020
Accruals			
Taxes and licenses	1,485,000	990,000	495,000
Professional fees	233,529	178,938	183,450
Utilities	20,019	29,395	9,566
Dues & subscription	620	-	1,318
Rent	-	-	57,649
Security services	-	-	8,820
	1,739,168	1,198,333	755,803
Withholding taxes payable	30,191	32,311	6,821
SSS, Philhealth, HDMF contributions and loan payables	13,584	11,421	6,240
Documentary stamp tax payable	9,226	4,538	-
	1,792,169	1,246,603	768,864

Management believes that the carrying amounts of accruals and other payables approximate fair values because of their short-term nature.

Accruals and other payables are expected to be settled within the next twelve (12) months.

NOTE 18 - RETIREMENT BENEFITS

As discussed in Note 3, the Parent Entity has applied *PAS 19 (Revised) - Employee Benefits* and the related consequential amendments. The Parent Entity has applied these amendments retrospectively and in accordance with the transitional provisions as set out in the PAS 19 (Revised) par. 173. These transitional provisions have an impact on future periods. The opening statement of financial position of the earliest comparative period presented (January 1, 2011) has been restated in accordance with *PAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.*

The Parent Entity and Subsidiary does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type and provides a retirement benefit equal to 22.5 days pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement.
The discount rate methodology was used to estimate the present value of the Parent Entity and Subsidiary's defined benefit obligation. The discount rate was determined in accordance with the Financial Reporting Standard Council [FRSC] approved Q&A 2008-01(Revised) document, which mandates that discount rates reflect (a) benefit cash flows and (b) use of zero coupon rates, even though theoretically derived.

The valuation results are based on the employee data as of the valuation date as provided by the Company. The discount rate assumption is based on the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds as of the

valuation date and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

It is assumed that the Company initially applied the Amended Philippine Accounting Standard (PAS) No. 19(R) (as amended in June 2011) on January 1, 2011. The Amended PAS 19(R) simplifies the reporting of the defined benefit cost by introducing the Net Interest Approach, which disaggregates the defined benefit cost into the following components: Service Cost (cost of services received), Net Interest (financing effect of paying for benefits in advance or in arrears), and Remeasurements (period-to-period fluctuations in the amounts of defined benefit obligations and plan assets).

Under the Net Interest Approach, Service Cost and Net Interest on the defined benefit liability (asset) are both recognized in Profit or Loss, while Remeasurements of the defined benefit liability (asset) are recognized outside profit or loss in Other Comprehensive Income (OCI).

It is further required by Amended PAS 19(R) that remeasurements in OCI shall not be reclassified to profit or loss in a subsequent period. Instead, the Company may either accumulate the remeasurements in OCI or transfer those amounts recognized in OCI within equity in accordance with Amended PAS 19(R).

The following information are based on the latest actuarial valuation report with December 31, 2022, 2021, and 2020 as the valuation date by an independent actuarial firm.

The movements in the present value of the retirement benefits payable recognized in the books are as follows:

	2022	2021	2020
Balance at beginning of the year	4,022,092	3,997,992	4,492,954
Interest cost	66,767	68,366	153,659
Current service cost	39,742	58,949	56,496
Remeasurements of retirement benefits payable	22,246	(103,215)	300,566
Benefits paid directly from book reserve	-	-	(1,005,683)
	4,150,847	4,022,092	3,997,992

The movements during the year in the retirement benefits payable recognized in the consolidated statements of financial position are as follows:

	2021	2020	2019
Balance at beginning of the year	4,022,092	3,997,992	4,492,954
Retirement benefits expense	106,509	127,315	210,155
Remeasurements of retirement benefits payable	22,246	(103,215)	300,566
Benefits paid directly from book reserve	-	-	(1,005,683)
	4,150,847	4,022,092	3,997,992

The amounts of retirement benefits expense for the years ended December 31, 2022, 2021, and 2020 recognized in the statements of comprehensive income are as follows:

	2022	2021	2020
Interest cost	66,767	58,949	153,659
Current service cost	39,742	68,366	56,496
	106,509	127,315	210,155

The amounts of remeasurements of retirement benefits payable presented in other comprehensive income in the statements of comprehensive income is computed as follows:

	2022	2021	2020
Actuarial gain (loss) on:			
experience	(73,878)	84,141	(254,233)
demographic assumptions	5,910	19,968	-
changes in financial assumptions	45,722	(894)	(46,333)
Total	(22,246)	103,215	(300,566)
Less: Deferred tax asset (liability)	5,562	(25,804)	90,170
	(16,684)	77,411	(210,396)

The movement of remeasurements on retirement benefits payable recognized in the other comprehensive income is as follows:

	2022	2021	2020
Beginning balance	13,355	(64,056)	146,340
Remeasurements of retirement benefits payable, net of tax	(16,684)	77,411	(210,396)
	(3,329)	13,355	(64,056)

In determining the amount on retirement benefits payable, the following actuarial assumptions were used:

	2022	2021	2020
Economic assumptions:			
Discount rate	5.21%	1.66%	1.71%
Salary increase rate	4.00%	4.00%	4.00%
Employee data:			
No. of employees	6	6	5
Average age in years	61.7	63.7	63.8
Average remaining working life	1.0	1.0	1.0
Average years of past service	27.4	26.9	31.6
Annual covered payroll	2,186,532	2,126,652	1,886,652

Below is the quantitative information about the sensitivity of the retirement liability to a reasonably possible change in actuarial assumptions:

	2022	2021	2020
Increase in discount rate	0.30%	0.50%	0.70%
Decrease in present value of retirement benefits liability	12,254	18,382	28,806
Decrease in discount rate	0.30%	0.40%	0.70%
Increase in present value of retirement benefits liability	(11,805)	(17,469)	(27,525)
Decrease in salary increase rate assumption	0.30%	0.40%	0.70%
Decrease in present value of retirement benefits liability	(12,053)	(17,246)	(27,189)
Increase in salary increase rate assumption	0.30%	0.40%	0.70%
Increase in present value of retirement benefits liability	12,279	17,783	27,882

NOTE 19 – RELATED PARTY TRANSACTIONS

The Parent Entity and Subsidiary's relationship with related parties is described below:

	Relationship
Oliverio G. Laperal, Sr.	Major shareholder
LTC Real Estate Corporation	Shareholder
Filipinas Golf & Country Club, Inc.	With common directors
Imperial Development Corporation	With common director

The significant transactions of the Parent Entity and Subsidiary in the normal course of business with related parties are described below.

A. OTHER RELATED PARTY- SHAREHOLDER

The Company obtains non-interest bearing advances from its major shareholder. These advances are intended for the Company's operations.

	Amount of transactions	Outstanding balance	Terms and conditions
Year 2022			
Advances from shareholders			
LTC Real Estate Corporation	6,340,000	49,143,625	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
Oliverio G. Laperal, Sr.	-	12,911,215	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
Oliverio G. Laperal, Jr.	(1,314)	-	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
	6,338,686	62,054,840	
Year 2021			
Advances from shareholders			
LTC Real Estate Corporation	5,281,000	42,803,625	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
Oliverio G. Laperal, Sr.	-	12,911,215	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
Oliverio G. Laperal, Jr.	1,314	1,314	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
	5,282,314	55,716,154	

	Amount of transactions	Outstanding balance	Terms and conditions
Year 2020			
Advances from shareholders			
LTC Real Estate Corporation	6,521,000	37,522,625	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
Oliverio G. Laperal, Sr.	50,000.00	12,911,215	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
	6,571,000	50,433,840	

In March 2016, LTC Real Estate Corp., an investor, and the Parent Entity entered into a memorandum of agreement for the prospective subscription on the shares of stocks of the Parent Entity at the prevailing par value in the amount of Ten Million Pesos (P10,000,000) on or before December 31, 2016. The said amount shall be considered as a deposit and shall be subject to disposition, transfer and recovery by the investor.

As at December 31, 2022, 2021 and 2020, the Parent Entity has not met all the required conditions to account for the deposit as deposit for future stock subscription. Thus, the deposit is recognized as advances from shareholders under non-current liabilities in the statements of financial position.

B. OTHER RELATED PARTY- COMMON DIRECTOR

	Amount of transactions	Outstanding balance	Terms	Conditions
Year 2022				
Rent				
Imperial Development Corporation	635,712		(1) Payable on or before fifth (5th) day of each corresponding month. (2) Lease for a period of one (1) year from January 1, 2021 to December 31, 2021. (3) Renewable upon mutual agreement before expiration of the lease term.	(1) In case of default in payment, the amount of rental due shall bear interest and penalty at the rate of 6% and 3% per month, respectively.
Filipinas Golf & Country Club, Inc.	108,363		(1) Payable every first (1st) day of the month. (2) Sub-lease for a period of one (1) year from April 1, 2020 until March 31, 2021 and from April 1, 2021 to March 31, 2022.	(1) In case of failure to pay, lease shall be considered terminated and the Company shall vacate the premises.
	744,075	-		

	Amount of transactions	Outstanding balance	Terms	Conditions
Year 2021				
Rent				
Imperial Development Corporation	635,712	-	(1) Payable on or before fifth (5th) day of each corresponding month. (2) Lease for a period of one (1) year from January 1, 2021 to December 31, 2021. (3) Renewable upon mutual agreement before expiration of the lease term.	(1) In case of default in payment, the amount of rental due shall bear interest and penalty at the rate of 6% and 3% per month, respectively.
Filipinas Golf & Country Club, Inc.	107,073	-	(1) Payable every first (1st) day of the month. (2) Sub-lease for a period of one (1) year from April 1, 2020 until March 31, 2021 and from April 1, 2021 to March 31, 2022.	(1) In case of failure to pay, lease shall be considered terminated and the Company shall vacate the premises.
	742,785	-		
Year 2020				
Rent				
Imperial Development Corporation	635,712	P 61,976.00	(1) Payable on or before fifth (5th) day of each corresponding month. (2) Lease for a period of one (1) year from January 1, 2020 to December 31, 2020. (3) Renewable upon mutual agreement before expiration of the lease term.	(1) In case of default in payment, the amount of rental due shall bear interest and penalty at the rate of 6% and 3% per month, respectively.
Filipinas Golf & Country Club, Inc.	90,525	8,465.00	(1) Payable every first (1st) day of the month. (2) Sub-lease for a period of one (1) year from April 1, 2019 to March 31, 2020 and April 1, 2020 until March 31, 2021.	(1) In case of failure to pay, lease shall be considered terminated and the Company shall vacate the premises.
	726,237	70,441		

D. KEY MANAGEMENT PERSONNEL

	Amount of transactions	Outstanding balance
Year 2022		
Short-term employee benefits	1,744,977	-
Post-employment benefits	2,614,218	-
Year 2021		
Short-term employee benefits	1,773,557	-
Post-employment benefits	2,617,603	-
Year 2020		
Short-term employee benefits	1,645,902	-
Post-employment benefits	2,603,859	-

There were no termination, other long-term benefits and share-based payments granted to the key management personnel for the years ended December 31, 2022, 2021, and 2020. The President/Chief Executive Officer, Vice-President/Treasurer (Chief Financial Officer) and Company Controller have received a salary from the Parent Entity amounting Company Controller have received salary from the Company amounting to P812,705, P805,854, and P757,028 for the years ended December 31, 2022, 2021, and 2020, respectively. The members of the Board of Directors receive only per diem per attendance in the regular and special meetings of the Board and Annual/Special Stockholders Meeting. The total amount of per diem paid in 2022, 2021, and 2020 amounts to P215,000, P235,000, and P245,000 (Note 26) respectively.

Mr. Oliverio L. Laperal Jr. and Mr. Desiderio L. Laperal, the current President and Vice-President of the Company, waived their rights to avail any retirement benefits being granted by the Company as their way of financially helping the Company.

NOTE 20 - SHARE CAPITAL

The Parent Entity and Subsidiary's share capital consists of:

	2022	2021	2020
Common shares - P1 par value per share			
Authorized shares, 1,800,000,000 as at December 31, 2022	1,800,000,000	1,800,000,000	1,800,000,000
Subscribed Share Capital	652,500,000	652,500,000	652,500,000
Less: Subscription Receivable	15,936,454	15,936,454	15,936,454
Paid up capital	636,563,546	636,563,546	636,563,546

The change of par value from Five Pesos (P5.00) to One Peso (P1.00) and the declassification of shares from common Class "A" and Class "B" shares to common stock voting shares were approved by SEC on February 10, 2017 and implemented by Philippine Stock Exchange (PSE) on February 22, 2017.

Subscription receivable collected for the years ended December 31, 2018 amounted to P150,000. There was no collection of subscription receivable for the years ended December 31, 2020, and 2019.

Both common class "A" and "B" shares have P5.00 par value with the same rights and privileges, except that Common Class "A" shares shall be issued and/or sold only to citizens of the Philippines or to Corporation, at least sixty percent (60%) of the capital stock for/of which is owned by citizens of the Philippines, while Common Class "B" shares shall be issued and/or sold to any person or corporation irrespective of citizenship; provided that a stockholder who is Filipino citizen holding Common Class "B" shares shall be entitled at any time to convert his Common Class "B" shares to Common Class "A" shares.

The names of the controlling groups/individuals are:

		As at December 31, 2022	
	Name	*Number of Common Shares*	*Percentage to total Outstanding Shares*
1	Laperal, Sr. Oliverio G.	546,552,070	83.76%
2	PCD Nominee, Corporation	33,228,565	5.09%
3	LMI Holdings Corporation	21,905,000	3.36%
4	Olondriz, Marino Y Cia	2,411,095	0.37%
5	Laperal, Desiderio L.	1,670,000	0.26%
6	Laperal, Alexandra L.	1,660,000	0.25%
7	Ganotisi, Filomeno	1,630,000	0.25%
	Total subscribed shares of controlling groups/individuals	609,056,730	93.34%
	Total subscribed shares	652,500,000	100%

		As at December 31, 2021	
	Name	*Number of Common Shares*	*Percentage to total Outstanding Shares*
1	Laperal, Sr. Oliverio G.	546,552,070	83.76%
2	PCD Nominee, Corporation	33,228,565	5.09%
3	LMI Holdings Corporation	21,905,000	3.36%
4	Olondriz, Marino Y Cia	2,411,095	0.37%
5	Laperal, Desiderio L.	1,670,000	0.26%
6	Laperal, Alexandra L.	1,660,000	0.25%
7	Ganotisi, Filomeno	1,630,000	0.25%
	Total subscribed shares of controlling groups/individuals	609,056,730	93.34%
	Total subscribed shares	652,500,000	100%

		As at December 31, 2020	
	Name	*Number of Common Shares*	*Percentage to total Outstanding Shares*
1	Laperal, Sr. Oliverio G.	546,552,070	83.76%
2	PCD Nominee, Corporation	33,228,565	5.09%
3	LMI Holdings Corporation	21,905,000	3.36%
4	Olondriz, Marino Y Cia	2,411,095	0.37%
5	Laperal, Desiderio L.	1,670,000	0.26%
6	Laperal, Alexandra L.	1,660,000	0.25%
7	Ganotisi, Filomeno	1,630,000	0.25%
	Total subscribed shares of controlling groups/individuals	609,056,730	93.34%
	Total subscribed shares	652,500,000	100%

In 2018, the major shareholder of the Parent Company, Mr. Oliverio G. Laperal Sr. passed away due to multi-organ failure. His shares of stocks in the Parent Company are amongst those reported and included in the inventory of the estate settlement proceedings before the Regional Trial Court, Branch 148, Makati City, Metro Manila in the proceedings entitled "Petition for the Probate of the Will of Oliverio G. Laperal, Sr." where Mr. Desiderio Christopher L. Laperal is the petitioner. The petition was docketed as R-MKT-18-04136-SP.

The late majority shareholder holds 83.76% of the total issued and outstanding shares of the Company. However, he died prior to divesting his shares to comply with the Minimum Public Ownership (MPO) of 20% pursuant to SEC Memorandum Circular 13-2017 which states that a covered Company shall, at all times, maintain an MPO of at least 20%. The Company intends to comply with the 20% MPO requirement once the estate of the late majority shareholder is judicially settled and distributed to his legal heirs.

As at December 31, 2021, Mr. Desiderio L. Laperal was the appointed executor of the estate of Mr. Oliverio G. Laperal Sr. The judicial settlement of the estate is still in process.

NOTE 21 - EMPLOYEE COSTS

This account consists of:

	Notes	2022	2021	2020
Salaries and wages	25	2,625,431	2,583,107	2,346,444
Retirement benefits expense	18, 25	106,509	127,315	210,155
SSS, Philhealth and HDMF contributions	25	86,691	74,288	46,310
		2,818,631	2,784,710	2,602,909

NOTE 22 - DEPRECIATION

This account consists of:

	Notes	2022	2021	2020
Office equipment		1	-	3,132
Building		1	-	-
	12, 25	2	-	3,132

NOTE 23 - FOREIGN CURRENCY-DENOMINATED ASSETS

Dollar denominated assets are as follows:

	2022	2021	2020
Asset:			
Cash and cash equivalents	45,461	45,461	45,413
Year end exchange rate	56.120	50.774	48.036
Peso equivalent	2,551,271	2,308,237	2,181,463

Unrealized gain (loss) on foreign exchange credited to operations for the years ended December 31, 2022, 2021, and 2020 amounted to P242,945, P124,424, and (P122,961) (Note 8), respectively.

NOTE 24 - LEASE AGREEMENTS

The Parent Entity and Subsidiary entered into operating lease agreements as follows:

1. The Parent Entity entered into an operating lease agreement with Imperial Development Corporation (IDC) for a lease of office space at 82-D and 82-J 4th Street, New Manila, Quezon City including an adjoining room consisting of 26.8 square meters for a period of one (1) year from January 1, 2016 to December 31, 2016, renewable upon mutual agreement in writing by both parties, with a monthly rental of P47,300, exclusive of 12% VAT. The lease was renewed in 2022, 2021, and 2020 under the same terms, stipulations, and conditions.

2. The Parent Entity entered into a sub-lease agreement with Filipinas Golf & Country Club, Inc. (FGCCI) as a sub-lessee for an office space with an area of ten (10) sq. m. more or less located at Unit 202 Villa Building, No. 78 Jupiter Street corner Makati Avenue, Barangay Bel-Air, Makati City for a period of one (1) year with a monthly rate of P6,434 from January 1, 2016 to May 31, 2016 and P6,690 from June 1, 2016 to December 31, 2016 which includes water bills, parking and association dues. The sub-lease agreement was renewed for another year in 2017 from June 1, 2017 to May 31, 2018 with a monthly rental of P6,690.

The sub-lease agreement was subsequently renewed inclusive of association dues and VAT as follows:

Lease period	Amount
June 1, 2018 to May 31, 2019	7,014
April 1, 2019 to March 31, 2020	8,191
April 1, 2020 to March 31, 2021	8,465
April 1, 2020 to December 31, 2020	8,465
January 1, 2021 to March 31, 2021	9,325
April 1, 2021 to March 31, 2022	9,755

Total rent expense charged to operations amounts to P744,075, P848,787, and P816,762 for the years ended December 31, 2022, 2021 and 2020, respectively.

The future minimum lease payments under non-cancellable operating lease are as follows:

	2022	2021	2020
Not later than one year	27,091	25,881	22,184

NOTE 25 - ADMINISTRATIVE EXPENSES

This account consists of:

	Note	2022	2021	2020
Impairment loss on Exploration and Evaluation Asset		16,824,116	-	-
Salaries and wages	21	2,625,431	2,583,107	2,346,444
Rent	24	852,438	849,858	816,762
Professional fees		609,580	462,861	422,782
Taxes and licenses		586,476	578,187	587,459
Utilities		480,252	509,864	500,658
Dues and subscription		319,441	320,767	390,007
Director's fees	19	215,000	235,000	245,000
Security services		204,000	204,000	204,000
Repairs and maintenance		187,840	71,023	96,815
Transportation and travel		118,605	112,478	167,740
Retirement benefit	18, 21	106,509	127,315	210,155
SSS, Philhealth and HDMF contributions	21	86,691	74,288	46,310
Supplies and other office expenses		45,632	55,462	48,450
Insurance		35,839	37,366	41,974
Impairment loss on refundable deposit	15	4,500	40,500	-
Bank charges		1,125	575	575
Penalties and surcharges		59	171	-
Depreciation	12, 22	2	-	3,132
Representation and entertainment		-	-	12,420
Office supplies		-	-	50
Miscellaneous		141,298	191,644	262,178
		23,444,834	6,454,466	6,402,911

Miscellaneous pertains to attendance fees, bank charges and other miscellaneous expenses incurred by the Company.

NOTE 26 - NON-CONTROLLING INTEREST

This account consists of:

	2022	2021	2020
Non-controlling interest net loss for the year	(2,780)	(3,075)	(2,395)
Non-conrolling interest in net assets	(246,983)	(241,128)	(238,733)
	(249,763)	(244,203)	(241,128)

The non-controlling interest represents one (1%) percent ownership interest of the Subsidiary.

NOTE 27 - BASIC AND DILUTED EARNINGS PER SHARE

The basic earnings per share is computed as follows:

	2022	2021	2020
Profit (Loss) for the year	(4,171,501)	33,503,040	32,863,924
Divided by: Weighted average number of common shares	636,563,546	636,563,546	636,563,546
Basic earnings per share	(0.01)	0.05	0.05

The diluted earnings per share is computed as follows:

	2022	2021	2020
Profit (Loss) for the year	(4,171,501)	33,503,040	32,863,924
Divided by: Weighted average number of common shares	636,563,546	636,563,546	636,563,546
Number of shares assumed to be purchased	15,936,454	15,936,454	15,936,454
Total	652,500,000	652,500,000	652,500,000
Diluted earnings per share	(0.01)	0.05	0.05

NOTE 28 - COMMITMENTS AND CONTINGENCIES

The Parent Entity and Subsidiary have no impending liabilities, direct claims, contingent liabilities or matters in which there is a reasonable possibility of an outcome that might materially affect the consolidated financial position or results of operations as at December 31, 2022, 2021, and 2020.

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Board of Directors and Shareholders of
IMPERIAL RESOURCES, INCORPORATED
82-J 4th Street, Barangay Mariana, New Manila
Quezon City

We have examined the financial statements of IMPERIAL RESOURCES, INCORPORATED as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 13, 2023.

In compliance with SRC Rule 68, we are stating that the said Company has a total number of one thousand six hundred sixty two (1,662) shareholders owning one hundred (100) or more shares.

VILLARUZ, VILLARUZ & CO., CPAs
000-889-941

For the Firm:

NORMITA L. VILLARUZ
CPA Certificate No. 36181
PRC ID No. 0036181 valid until September 20, 2024
PTR No. 4003455D issued on January 19, 2023 at Quezon City
BIR Accreditation No. (Individual) 07-100207-001-2020 issued on November 25, 2020 valid until November 24, 2023
BIR Accreditation No. (Firm) 07-000438-005-2020 issued on October 28, 2020 valid until October 27, 2023
SEC Accreditation No. (Individual) 36181-SEC (Group A) issued on November 10, 2022 for 2022 audit period covered
SEC Accreditation No. (Firm) 0058-SEC (Group A) issued on November 10 2022 for 2022 audit period covered
T.I.N. 101-825-674
BOA/PRC Registration No. 0058 issued on May 24, 2021 valid until June 26, 2024

Quezon City, Philippines
April 28, 2023

Villaruz, Villaruz & Co., CPAs

Valuing Your Success

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Shareholders of
IMPERIAL RESOURCES, INCORPORATED
82-J 4th Street, Barangay Mariana, New Manila
Quezon City

We have audited the financial statements of IMPERIAL RESOURCES, INCORPORATED in accordance with the Philippine Standards on Auditing for the year ended December 31, 2022 and have issued our report thereon dated April 28, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The supplementary information included in the following accompanying additional components is the responsibility of the Company's management.

i. Schedule of financial soundness indicators
ii. Map of conglomerate or group of companies within which the reporting entity belongs
iii. Reconciliation of retained earnings available for dividend declaration

The supplementary information referred to above are presented for purposes of complying with Revised Securities Regulation Code (SRC) Rule 68 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

VILLARUZ, VILLARUZ & CO., CPAs
000-889-941

By:

NORMITA L. VILLARUZ
CPA Certificate No. 36181
PRC ID No. 0036181 valid until September 20, 2024
PTR No. 4003455D issued on January 19, 2023 at Quezon City
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Quezon City, Philippines
April 28, 2023

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Independent member
Morison Global

IMPERIAL RESOURCES, INCORPORATED
As at and for the years ended December 31, 2022, 2021 and 2020

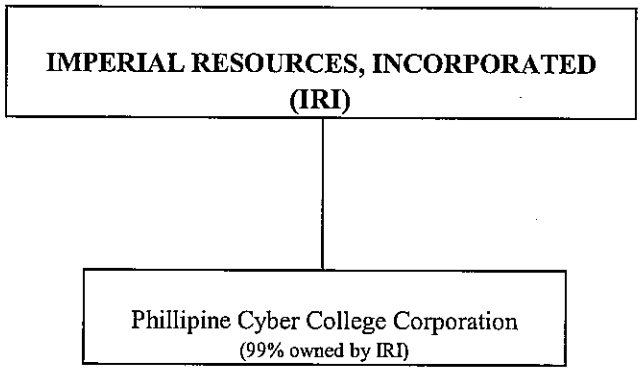
Pursuant to Revised Securities Regulation Code (SRC) Rule 68 Part 1 General Financial Reporting Requirements No. 5 Other Documents To Be Filed With The Financial Statements.

A. Per Subsection C. "Regulated Entities Enumerated in Section 3 (b) (i) of Part 1 of This Rule" requirement of a schedule showing financial soundness indicators in two comparative periods, as follows: (i) current/liquidity ratios; (ii) solvency ratios, debt-to-equity ratios; (iii) asset-to-equity ratios; (iv) interest rate coverage ratios; (v) profitability ratios; (vi) other relevant ratios as the Commission may consider necessary.

	2022		2021		2020	
(i) Current/liquidity ratios:						
Current assets / Current liabilities	3,100,585 / 1,779,830	= 1.74:1	2,518,663 / 1,237,103	= 2.04:1	2,905,319 / 752,959	= 3.86:1
(ii) Debt-to-equity ratios:						
Total liabilities / Equity	67,985,517 / 858,881,012	= 0.08:1	60,975,349 / 863,238,120	= 0.07:1	55,184,791 / 829,830,209	= 0.07:1
(iii) Solvency ratios:						
Total liabilities / Total assets	67,985,517 / 926,866,529	= 0.07:1	60,975,349 / 924,213,469	= 0.07:1	55,184,791 / 885,015,000	= 0.06:1
(iv) Asset-to-equity ratios:						
Total assets / Equity	926,866,529 / 858,881,012	= 1.08:1	924,213,469 / 863,238,120	= 1.07:1	885,015,000 / 829,830,209	= 1.07:1
(v) Interest rate coverage ratios (Earnings before interest and taxes/Interest expense): This ratio is not applicable since the Company has no interest expense.						
(vi) Profitability ratios (Net profit after taxes/Revenues before cost of services):						
Net profit (loss) after taxes / Revenues	(4,340,424) / 19,246,706	= -0.23:1	33,330,500 / 40,125,577	= 0.83:1	32,660,980 / 39,503,098	= 0.83:1

IMPERIAL RESOURCES, INCORPORATED
As at and for the year ended December 31, 2022

MAP OF THE CONGLOMERATE OR GROUP OF COMPANIES WITHIN WHICH THE REPORTING ENTITY BELONGS



IMPERIAL RESOURCES, INCORPORATED
82-J 4th Street, New Manila, Quezon City

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2022

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, December 31, 2019			**(241,007,136)**
Net income during 2020 closed to Retained Earnings		32,660,980	
Less:	Non-actual/unrealized income net of tax	-	
	Equity in net income of associate/joint venture	-	
	Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	-	
	Fair value adjustment (M2M gains)	-	
	Fair value adjustment of Investment Property resulting to gain	39,500,000	
	Amount of recognized DTA that increased the amount of income tax expense	-	
	Adjustment due to deviation from PFRS/GAAP-gain	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
	Sub-total	39,500,000	
Add:	Non-actual losses	-	
	Depreciation on revaluation increment (after tax)	-	
	Amount of recognized DTA that decreased the amount of income tax expense	(238,658)	
	Adjustment due to deviation from PFRS/GAAP – loss	-	
	Loss on fair value adjustment of investment property (after tax)	-	
		(238,658)	
Net income actually earned during 2020			**(7,077,678)**
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, December 31, 2020			**(248,084,814)**
Net income during 2021 closed to Retained Earnings		33,330,500	
Less:	Non-actual/unrealized income net of tax	-	
	Equity in net income of associate/joint venture	-	
	Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	-	
	Fair value adjustment (M2M gains)	-	
	Fair value adjustment of Investment Property resulting to gain	40,000,000	
	Amount of recognized DTA that increased the amount of income tax expense	-	
	Adjustment due to deviation from PFRS/GAAP-gain	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
	Sub-total	40,000,000	
Add:	Non-actual losses	-	
	Depreciation on revaluation increment (after tax)	-	
	Amount of recognized DTA that decreased the amount of income tax expense	168,071	
	Adjustment due to deviation from PFRS/GAAP – loss	-	
	Loss on fair value adjustment of investment property (after tax)	-	
		168,071	
Net income actually earned during 2021			**(6,501,429)**

IMPERIAL RESOURCES, INCORPORATED
82-J 4th Street, New Manila, Quezon City

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2022

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, December 31, 2021			**(254,586,243)**
Net loss during 2022 closed to Retained Earnings		(4,393,678)	
Less:	Non-actual/unrealized income net of tax	-	
	Equity in net income of associate/joint venture	-	
	Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	-	
	Fair value adjustment (M2M gains)	-	
	Fair value adjustment of Investment Property resulting to gain	19,000,000	
	Amount of recognized DTA that increased the amount of income tax expense	(26,627)	
	Adjustment due to deviation from PFRS/GAAP-gain	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
	Sub-total	18,973,373	
Add:	Non-actual losses	-	
	Depreciation on revaluation increment (after tax)	-	
	Amount of recognized DTA that decreased the amount of income tax expense	-	
	Adjustment due to deviation from PFRS/GAAP – loss	-	
	Loss on fair value adjustment of investment property (after tax)	-	
		-	
Net income actually earned during 2022			**(23,367,051)**