

COVER SHEET

for AUDITED SEPARATE FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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C	O	R	P	O	R	A	T	I	O	N																			

Principal Office (No./Street/Barangay/City/Town)Province)

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S	E	Z	,		L	A	G	U	N	A		T	E	C	H	N	O	P	A	R	K	,		B	I	Ñ	A	N		
L	A	G	U	N	A																									

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

S	T	O	C	K		I	S	S	U	E	R		
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COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number/s

(632) 7729-6205

Mobile Number

N/A

No. of Stockholders

29

Annual Meeting
Month/Day

31-May

Fiscal Year
Month/Day

31-Dec

CONTACT PERSON INFORMATION

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

Name of Contact Person

Brian Gregory Liu

Email Address

brian.liu@cirtek.ph

Telephone Number/s

(632) 7729-6205

Mobile Number

N/A

Contact Person's Address

116 East Main Ave., Phase V SEZ Laguna Technopark, Biñan Laguna

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

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



CIRTEK HOLDINGS

Philippines Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR SEPARATE FINANCIAL STATEMENTS

The Management of **CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the separate financial statements, including the schedules attached therein as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 in accordance with the Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

R.S. Bernaldo & Associates, the independent auditors appointed by the stockholders has audited the separate financial statements of the Parent 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.

JERRY LIU
Chairman of the Board

JORGE AGUILAR
President and Chief Executive Officer


BRIAN GREGORY LIU
Chief Financial Officer

Signed this 19th day of April 2024.

SUBSCRIBED AND SWORN to before me this APR 26 2024 day of 2024 affiants exhibiting to me their respective Community Tax Certificates (CTCs), as follows:

<u>Name</u>	<u>CTC No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
JERRY LIU	CCI2024 10683690	January 05,2024	City of Manila
JORGE AGUILAR	CCI2024 10683685	January 05,2024	City of Manila
BRIAN GREGORY LIU	CCI2024 10683687	January 05,2024	City of Manila

Doc. No. 118 ;
Page No. 25 ;
Book No. 19 ;
Series of 2024


ATTY. BENEDICTO M. JOSE
Notary Public for the City of Sta. Rosa
Until December 31, 2025
Notarial Commission A.N.C. No. 0087-SRCL
2F Cardiaz Building, Pearl Road,
SRCC, Balibago, Sta. Rosa City, Laguna
MCLE Compliance No. VII-0025591; 01.16.23
PTR No. 4779655; 01.02.24; Sta. Rosa City
IBP Lifetime No. 011555; 02.11.2013
Roll No. 43868



INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
CIRTEK HOLDINGS PHILIPPINES CORPORATION
116 East Main Avenue
Phase V-SEZ, Laguna Technopark
Biñan, Laguna

Report on the Audit of the Separate Financial Statements

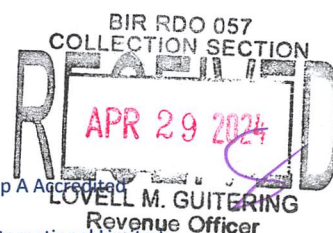
Opinion

We have audited the separate financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** (the "Parent Company"), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for each of the three years then ended December 31, 2023, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Parent Company as at December 31, 2023 and 2022, and its separate financial performance and its separate cash flows for each of the three years then ended December 31, 2023 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 Audit of the Separate Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the separate financial statements in 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 audits of the separate financial statements of the current period. These matters were addressed in the context of our audits of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Risk

In our view revenue recognition is significant to our audit since the Group is a profit-oriented business and a publicly-listed. The accounting policies for revenue recognition are set out in Note 4.

Our Response

Our audit procedures relating to revenue recognition included: understanding the Group's revenue cycle, performing system documentation and walkthrough, testing of controls, performing cut-off tests, and tracing of invoice to records.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the separate financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

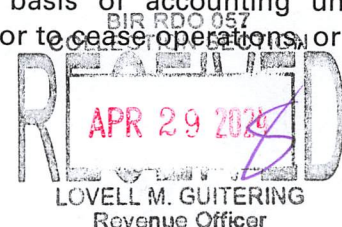
Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the separate 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 inconsistent with the separate 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 Separate Financial Statements

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

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



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

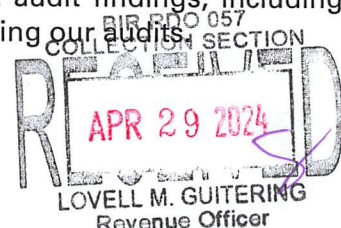
Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.



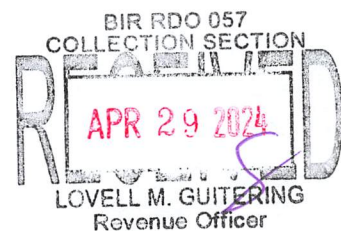
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audits of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 and 19-2011 in Notes 26 and 27, respectively, to the separate financial statements, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of the Management of **CIRTEK HOLDINGS PHILIPPINES CORPORATION**. The information has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is **ROMEO A. DE JESUS, JR.**



R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until May 28, 2024

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

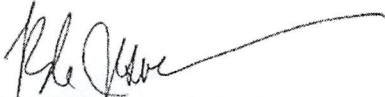
BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



ROMEO A. DE JESUS, JR.

Managing Partner

CPA Certificate No. 86071

BIR Accreditation No. 08-007679-006-2024

Valid from March 15, 2024 until March 14, 2027

Tax Identification No. 109-227-897

IC Group A Accredited

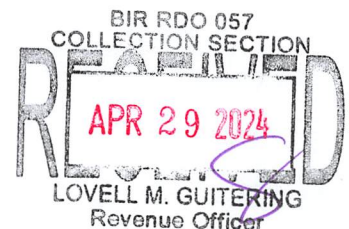
Accreditation No. 86071-IC

Valid until 2026 audit period

PTR No. 10081200

Issued on January 9, 2024 at Makati City

April 19, 2024



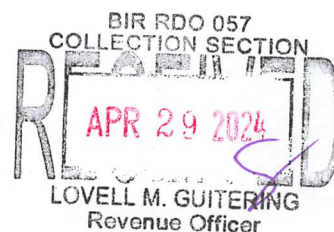
CIRTEK HOLDINGS PHILIPPINES CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

(In US Dollars)

	NOTES	2023	2022
A S S E T S			
Current Assets			
Cash and cash equivalents	6	18,149,769	17,708,475
Due from related parties	12	143,681,472	153,643,481
Other assets		5,373	1,782
		161,836,614	171,353,738
Non-current Asset			
Investments in subsidiaries	8	89,134,452	89,134,452
TOTAL ASSETS		250,971,066	260,488,190
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Accrued expenses and other payables	10	555,848	642,689
Loans payable	11	11,956,241	20,873,084
Dividends payable	13	-	126,955
Income tax payable		4,409	-
		12,516,498	21,642,728
Non-current Liability			
Loans payable – net of current portion	11	21,137,786	25,675,615
TOTAL LIABILITIES		33,654,284	47,318,343
STOCKHOLDERS' EQUITY			
Common Stock	14	14,562,067	14,562,067
Preferred Stock	14	3,925,528	3,925,528
Stock Warrants	14	6,458,070	6,458,070
Additional Paid-in Capital	14	179,726,321	179,726,321
Retained Earnings		12,644,796	8,497,861
TOTAL STOCKHOLDERS' EQUITY		217,316,782	213,169,847
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		250,971,066	260,488,190

(See Notes to Separate Financial Statements)



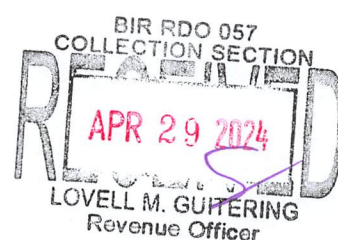
CIRTEK HOLDINGS PHILIPPINES CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023, 2022 and 2021

(In US Dollars)

	NOTES	2023	2022	2021
DIVIDEND INCOME	8,12	17,900,000	10,600,000	15,500,000
FINANCE INCOME	6	85,643	64,988	14,424
		17,985,643	10,664,988	15,514,424
FINANCE COSTS	11,15	(2,574,703)	(3,618,558)	(3,785,253)
OPERATING EXPENSES	16	(646,830)	(1,460,674)	(1,927,126)
OTHER INCOME – net	17	375,266	677,068	905,077
PROFIT BEFORE TAX		15,139,376	6,262,824	10,707,122
INCOME TAX	18	(4,409)	-	(1,622)
PROFIT		15,134,967	6,262,824	10,705,500
TOTAL COMPREHENSIVE INCOME		15,134,967	6,262,824	10,705,500
Basic Earnings (Loss) per Share	19	0.00620	(0.00365)	0.00793

(See Notes to Separate Financial Statements)



CIRTEK HOLDINGS PHILIPPINES CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023, 2022 and 2021

(In US Dollars)

	Notes	Common Stock	Preferred Stock	Stock Warrants	Additional Paid-in Capital	Net Changes in Fair Value of Equity Investment at FVOCI	Retained Earnings	Total
Balance at January 1, 2021		9,594,321	3,032,140	-	120,053,514	(1,667,000)	7,300,148	138,313,123
Issuance of preferred stock	14		893,388		43,776,017			44,669,405
Issuance of common stock	14	4,967,746			15,896,790			20,864,536
Issuance of stock warrants	14			6,458,070				6,458,070
Profit							10,705,500	10,705,500
Transfer of net changes in fair value of FA at FVOCI to retained earnings	7					1,667,000	(1,667,000)	-
Cash dividends declared	13						(5,401,567)	(5,401,567)
Balance at December 31, 2021	14	14,562,067	3,925,528	6,458,070	179,726,321	-	10,937,081	215,609,067
Profit							6,262,824	6,262,824
Cash dividends declared	13						(8,702,044)	(8,702,044)
Balance at December 31, 2022	14	14,562,067	3,925,528	6,458,070	179,726,321	-	8,497,861	213,169,847
Profit							15,134,967	15,134,967
Cash dividends declared	13						(10,988,032)	(10,988,032)
Balance at December 31, 2023	14	14,562,067	3,925,528	6,458,070	179,726,321	-	12,644,796	217,316,782

(See Notes to Separate Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023, 2022 and 2021

(In US Dollars)

	NOTES	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax:		15,139,376	6,262,824	10,707,122
Adjustments for:				
Finance cost	11,15	2,574,703	3,618,558	3,785,253
Unrealized foreign exchange (gain) loss – net	17	(81,348)	(350,208)	(819,099)
Finance income	6	(85,643)	(64,988)	(14,424)
Dividend income	8,12	(17,900,000)	(10,600,000)	(15,500,000)
Operating cash flows before changes in working capital		(352,912)	(1,133,814)	(1,841,148)
Decrease (Increase) in operating assets:				
Other receivables		-	4,640,905	577,000
Other assets		(3,573)	-	-
Decrease in accrued expenses and other payables		(58,752)	(124,966)	(16,001)
Cash generated from (used in) operations		(415,237)	3,382,125	(1,280,149)
Dividends received	8,12	17,900,000	10,600,000	15,500,000
Income taxes paid		-	(1,622)	(8,438)
Net cash from operating activities		17,484,763	13,980,503	14,211,413
CASH FLOWS FROM INVESTING ACTIVITIES				
Collection of advances to related parties	12	17,574,208	3,231,328	22,433,929
Finance income received	6	85,643	64,988	14,424
Advances granted to related parties	12	(7,612,199)	(12,801,457)	(19,464,972)
Net cash from (used in) investing activities		10,047,652	(9,505,141)	2,983,381
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from availments of short-term loans	11	14,684,975	10,662,865	20,643,414
Proceeds from availments of long-term loans	11	4,499,073	-	-
Proceeds from issuance of preferred stock	14	-	-	44,669,405
Proceeds from issuance of common stock	14	-	-	27,322,606
Refund of deposit for future stock subscription		-	-	(189,107)
Payments of advances from related parties	12	-	-	(24,360,917)
Finance cost paid	11,15	(2,568,080)	(3,410,688)	(3,800,924)
Cash dividends paid	13	(11,114,987)	(8,702,044)	(5,401,567)
Payment of long-term loans	11	(7,574,323)	(17,500,000)	(7,500,000)
Payments of short-term loans	11	(25,177,231)	(14,701,648)	(49,623,316)
Net cash from (used in) financing activities		(27,250,573)	(33,651,515)	1,759,594
EFFECTS OF FOREIGN EXCHANGE RATE IN CASH	6,17	159,452	255,777	(350,978)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		441,294	(28,920,376)	18,603,410
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		17,708,475	46,628,851	28,025,441
CASH AND CASH EQUIVALENTS AT END OF YEAR		18,149,769	17,708,475	46,628,851

(See Notes to Separate Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS

As of December 31, 2023 and 2022 and for each of the
Three Years then Ended December 31, 2023

1. CORPORATE INFORMATION

Cirtek Holdings Philippines Corporation (the "Parent Company") was incorporated under the laws of the Republic of the Philippines on February 10, 2011. The principal activities of the Parent Company are to invest in, purchase or acquire personal property of every kind, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities.

The Parent Company was listed in the Philippine Stock Exchange (PSE) on November 18, 2011.

On December 6, 2022, the Company listed its P598,400,000 worth of CPs with the PDEC as part of Company's Six Billion Pesos (P6,000,000,000) CP Program. The CPs may be issued in lump-sum or in tranches as follows:

Series	Discount		Denomination
	Rate	Tenor	
F	6.887%	182 days	Minimum of P5,000,000 face value and increments of P100,000
G	7.770%	364 days	Minimum of P5,000,000 face value and increments of P100,000

The proceeds will be used to refinance the existing debt of the Parent Company and finance working capital requirement.

The Parent Company is 77.93% owned by Camerton, Inc., a domestic corporation, 21.69% owned by Filipino individuals and 0.38% owned by foreign individuals. Camerton Inc. is the immediate parent of the Parent Company, while Carmetheus Holdings, Inc. is the ultimate parent of the Parent Company.

The immediate, ultimate and Parent Company's registered office address is located at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Parent Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.01 New and Revised PFRSs Applied with No Material Effect on the Separate Financial Statements

The following new and revised PFRSs have been adopted in these separate financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

The definition of accounting estimates has been amended as follows: accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendment also clarifies the following:

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

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

The amendments to PAS 1 are the following:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and

- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

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

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

The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

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

- **Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules***

The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

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

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Parent Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Parent Company does not expect the adoption of these new and amended PFRS, to have significant impact on the separate financial statements.

2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

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

The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- **Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements***

The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- **Amendments to PAS 1, *Non-current Liabilities with Covenants***

The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

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

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

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

- 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.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

2.02.02 Deferred

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

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF SEPARATE FINANCIAL STATEMENTS

3.01 Statement of Compliance

The separate financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or amortized cost.

3.02 Functional and Presentation Currency

Items included in the separate financial statements of the Parent Company are measured using United States Dollar (\$), the currency of the primary economic environment in which the Parent Company operates (the “functional currency”).

The Parent Company chose to present its separate financial statements using its functional currency.

3.03 Basis of Preparation

These separate financial statements were based from the Parent Company’s own transactions, exclusive of transactions of the Parent Company’s subsidiaries, the latter transactions being used in the preparation of the consolidated financial statements, which are also available for public use.

3.04 Current and Non-Current Presentation

The Parent Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Parent Company classifies all other assets as non-current.

The Parent Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Parent Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Parent Company in the preparation of its separate financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Financial Assets

4.01.01 Initial Recognition and Measurement

The Parent Company recognizes a financial asset in its separate statements of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument.

Except for other receivables that do not have a significant financing component, at initial recognition, the Parent Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Parent Company measures other receivables that do not have a significant financing component at their transaction price.

4.01.02 Classification

➤ Financial Asset at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

The Parent Company's financial assets measured at amortized costs include cash in banks, cash equivalents, due from related parties, and miscellaneous deposit.

a) Cash in Banks and Cash Equivalents

Cash in banks pertain to cash deposits held at call with banks that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from the date of acquisition and that are subject to insignificant risk of changes in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Due from Related Parties

Due from related parties are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has no financial assets measured at fair value through profit or loss and through other comprehensive income in both years.

4.01.03 Effective Interest Method

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.01.04 Impairment

The Parent Company shall measure expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Parent Company adopted general approach in accounting for impairment.

➤ General Approach

The Parent Company applied the general approach to cash in banks, cash equivalents, due from related parties, and miscellaneous deposit. At each reporting date, the Parent Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Parent Company measures the loss allowance equal to 12-month expected credit losses.

The Parent Company compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Parent Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Parent Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Parent Company does not apply the 30 days past due rebuttable presumption because the Parent Company determines that there have been no significant increases in credit risk even the amounts are past due for more than 30 days.

If the Parent Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Parent Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Parent Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Parent Company performs the assessment of significant increases in credit risk on an individual basis.

The Parent Company applies the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not since based on the Company's historical experience and aging schedules, past due amounts cannot be collected after 90 days.

The Parent Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty; and
- A breach of contract, such as a default or past due event.
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and

- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.01.05 Derecognition

The Parent Company derecognizes a financial asset when, and only when the contractual rights to the cash flows of the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.02 Investment in Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity known as parent. Control is the exposure or rights, to variable returns from the involvement with an investee and the ability to affect those returns through its power over an investee.

Investment in subsidiaries are accounted under the cost method. Under the cost method, the Parent Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

If the Parent Company loses control of a subsidiary, the Parent Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost or recognizes any resulting difference as a gain or loss in profit or loss attributable to the Parent Company.

4.03 Impairment of Assets

At each reporting date, the Parent Company assesses whether there is any indication that any of its assets other than financial assets that are within the scope of PFRS 9, *Financial Instruments*, may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Parent Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as an income.

4.04 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.05 Financial Liabilities

4.05.01 Initial Recognition and Measurement

The Parent Company recognizes a financial liability in its separate statements of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Parent Company measures a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the liability.

4.05.02 Classification

The Parent Company classifies all financial liabilities as subsequently measured at amortized cost, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

The Parent Company's financial liabilities at amortized cost pertain to accrued expenses and other payables (except withholding taxes payable), loans payable, dividends payable.

The Parent Company does not have financial liabilities at fair value through profit or loss in both years.

4.05.03 Derecognition

The Parent Company removes a financial liability (or part of a financial liability) from its separate statements of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.06 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Parent Company deducting all of its liabilities. Equity instruments issued by the Parent Company are recognized at the proceeds received, net of direct issue costs.

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

4.07 Revenue Recognition

4.07.01 Dividend Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Parent Company and the amount of revenue can be measured reliably.

4.07.02 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Parent Company and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.08 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Parent Company.

The Parent Company recognizes expenses in the separate statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.09 Foreign Currency Transactions

In preparing the separate financial statements of the Parent Company, transactions in currencies other than the Parent Company's functional currency, i.e. foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise.

4.10 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Parent Company that is preparing its separate financial statements. A person or a close member of that person's family is related to Parent Company if that person has control or joint control over the Parent Company, has significant influence over the Parent Company, or is a member of the key management personnel of the Parent Company.

An entity is related to the Parent Company if any of the following conditions applies:

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

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

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.11 Taxation

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

4.11.01 Current Tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Parent Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.11.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Parent Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

4.11.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

4.12 Earnings per Share

The Parent Company computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

4.13 Events after the Reporting Period

The Parent Company identifies subsequent events as events that occurred after the reporting period but before the date when the separate financial statements were authorized for issue. Any subsequent events that provide additional information about the Parent Company's position at the reporting period, adjusting events, are reflected in the separate financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to separate financial statements when material.

4.14 Changes in Accounting Policies

The adoption of the new and revised standards and as disclosed in Note 2.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Parent Company's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the Parent Company's accounting policies and that have the most significant effect on the amounts recognized in separate financial statements.

5.01.01 Functional Currency

The following factors are considered by the Parent Company in determining the functional currency of a foreign operation, and whether its functional currency is the same as that of the reporting entity:

- a. whether the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy. An example of the former is when the foreign operation only sells goods imported from the reporting entity and remits the proceeds to it. An example of the latter is when the operation accumulates cash and other monetary items, incurs expenses, generates income and arranges borrowings, all substantially in its local currency.
- b. whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities.

- c. whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it.
- d. whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

When the above indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The Parent Company determines its functional currency based on the economic substance of the underlying circumstances relevant to them. The US Dollar (\$) is the currency that most faithfully represents the primary economic environment in which the Parent Company operates and it is the currency that mainly influences the underlying transactions, events and conditions relevant to the Parent Company. Hence, Management believes that US Dollar (\$) is the Parent Company's functional currency since it represents the economic substance relevant to the Parent Company.

5.01.02 Assessment of Control

The Parent Company determines whether an entity qualifies as a subsidiary when it has control over an entity. The Parent Company controls an entity when it has the three (3) elements of control, as disclosed in Note 4. In making its judgments, the Parent Company considers all facts and circumstances when assessing control over an investee. A reassessment of control is conducted when there are changes to one or more of the three (3) elements of control. Any changes from at least one (1) of the elements would result to lose or gain of control over an entity.

In both years, the Parent Company, having one hundred percent (100%) ownership and voting interest, assessed that it has control over all of its subsidiaries since it has power over the subsidiaries, exposure or rights to variable returns from its involvement and ability to use its power to affect the component of its returns. The carrying amounts of investment in subsidiaries amounted to \$89,134,452 as of December 31, 2023 and 2022, as disclosed in Note 8.

5.01.03 Assessment of Contractual Terms of a Financial Asset

The Parent Company determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Parent Company considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of the financial assets are solely payments of principal and interest and consistent with the basic lending arrangement except for equity investments measured at fair value through other comprehensive income. As of December 31, 2023 and 2022, the aggregate carrying amounts of the Parent Company's financial assets measured at amortized cost amounted to \$161,836,614 and \$171,353,738, respectively, as disclosed in Note 21.01.

5.01.04 Assessment on the Bifurcation of Embedded Derivative

The Parent Company determines whether the embedded derivative component of the Parent Company's Note Facility Agreement (NFA) should be modified in relation to changes in a variable, such as an interest rate, commodity price, credit rating, or foreign exchange rate.

The Parent Company assessed that the embedded derivative in the NFA is closely related to the host contract, thus it was not bifurcated from the host contract based on the provisions of PFRS 9. As of December 31, 2023 and 2022, carrying amounts of long-term loans amounted to \$29,782,211, and \$32,822,749, respectively, as disclosed in Note 11.

5.01.05 Assessment of 30 days Rebuttable Presumption

The Parent Company determines when a significant increase in credit risk occurs on its financial assets based on the credit Management practice of the Parent Company.

Management assessed that the 30 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Parent Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

5.01.06 Assessment of 90 days Rebuttable Presumption

An entity determines when a default occurs on its financial assets based on the credit Management practice of the entity.

Management assessed that the 90 days rebuttable presumption on determining whether financial assets are credit impaired is applicable since based on the Parent Company's historical experience and aging schedules, past due amounts cannot be collected after 90 days.

5.02 Key Sources of Estimation Uncertainties

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

5.02.01 Estimating Allowance for Expected Credit Losses on Financial Assets

The Parent Company evaluates the expected credit losses related to its financial assets based on an individual assessment and available facts and circumstances, including, but not limited to historical experience, macro-economic factors, industry performance, and financial information.

The Parent Company uses credit ratings, performance of banking industry, macro-economic and bank's financial information to assess the expected credit losses on its cash in banks and cash equivalents. In view of the foregoing factors, Management believes that the expected credit loss is immaterial, hence, no provision is recognized in both years.

The Parent Company uses performance of client industry, macro-economic factors and economy's outlook to assess the expected credit losses on its due from related parties and miscellaneous deposit. In view of the foregoing factors, Management believes that the expected credit loss on other receivables and due from related parties is immaterial, hence, no provision is recognized in both years.

As of December 31, 2023 and 2022, the aggregate carrying amounts of aforementioned financial assets measured at amortized cost amounted to \$161,835,044 and \$171,353,738, respectively, as disclosed in Note 21.01.

5.02.02 Asset Impairment

Impairment review is performed when certain impairment indicators are present. Determining the fair values of investment in subsidiaries requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. In assessing value in use, the estimated future cash flows shall be discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

While it is believed that the assumptions used in the estimation of fair values reflected in the separate 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 impact on the results of operations.

In both years, Management assessed that there is no indication of impairment on its investment in subsidiaries. As of December 31, 2023 and 2022, the carrying amounts of the investment in subsidiaries amounted to \$89,134,452, as disclosed in Note 8.

5.02.03 Recoverability of Deferred Tax Assets

The Parent Company reviews the carrying amount at reporting date and reduces deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized prior to its expiration.

In both years, based on Management's evaluation of its expected taxable profit in the near future, the Parent Company will not be able to utilize the benefit of the deferred tax assets. As of December 31, 2023 and 2022, the unrecognized deferred tax assets amounted to \$5,151,457 and \$4,446,826, respectively, as disclosed in Note 18.

5.02.04 Estimating the Fair Value of Financial Assets at FVOCI

The Company carries some of its financial assets, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, interest rates, the amount of changes in fair value would differ if the Company utilized different valuation methodology. Any changes in fair value of these financial assets would affect directly the profit or loss and equity.

In 2018, the fair value of the investment in unquoted equity instrument was based on the adjusted net asset value (NAV) approach. Under NAV approach, the fair value was derived by determining the fair value of each identifiable assets and liabilities of the investee.

In 2018, Management assessed that the fair value of financial assets at fair value through other comprehensive income amounted to nil, as disclosed in Note 8. In 2021, Management wrote off the fair value of financial assets at fair value through other comprehensive income since the investee already ceased operations, as disclosed in Note 7.

6. CASH AND CASH EQUIVALENTS

For the purpose of the separate statements of cash flows, cash and cash equivalents pertains to cash in banks and cash equivalents.

Cash and cash equivalent at the end of the reporting period as shown in the separate statements of cash flows can be reconciled to the related items in the separate statements of financial position as follows:

		2023		2022
Cash in banks	\$	15,593,887	\$	11,677,178
Cash equivalents		2,555,882		6,031,297
	\$	18,149,769	\$	17,708,475

Cash in banks earn interest at floating rates. Cash equivalents earn 3.50% in both years. Aggregate finance income earned from bank deposits and cash equivalents amounted to \$85,643, \$64,988, and \$14,424 in 2023, 2022 and 2021, respectively.

In 2023, 2022 and 2021, unrealized foreign exchange gains (losses) recognized amounted to \$159,452, \$255,777, and \$(350,978), respectively, as disclosed in Note 17.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Parent Company's financial assets at fair value through other comprehensive income consist of unquoted equity shares representing 11% of the equity of Cloud Mondo Inc., acquired at a cost of \$1,667,000 in 2017, but has been revalued at fair value as of January 1, 2018 amounting to nil. The fair value of the equity investment is obtained through market comparable approach (Level 3). The price is indicative of actual and regularly occurring market transactions on an arm's length basis.

In 2018, the fair value of the investment in unquoted equity instrument was based on the adjusted net asset value (NAV) approach. Under NAV approach, the fair value was derived by determining the fair value of each identifiable assets and liabilities of the investee.

In 2021, the Parent Company wrote off the investment since the investee already ceased operations. Accordingly, the net changes in fair value amounting to \$1,667,000 was transferred to retained earnings.

8. INVESTMENT IN SUBSIDIARIES

Details of the Parent Company's investment in subsidiaries accounted at cost are as follows:

Name of Subsidiaries	Principal Activity
Cirtek Electronics International Corporation (CEIC)	Trading
Cirtek Electronics Corporation (CEC)	Manufacturing
Cirtek Advances Technologies and Solutions, Inc.- BVI (CATS)	Manufacturing
CATS- Philippine Branch (CATS-PB)	Branch Office
RBW Real Property, Inc. (RBWRP)	Real Property Developer
Quintel Cayman (QC)	Manufacturing
Quintel USA (QU)	Manufacturing

The table below summarizes the place of incorporation as well as the proportion of ownership and voting interest of the Parent Company's subsidiaries:

Name of Subsidiaries	Place of Incorporation and Operation	Proportion of Ownership and Voting Interest			
		2023		2022	
		DIRECT	INDIRECT	DIRECT	INDIRECT
CEIC	British Virgin Islands	100%		100%	
CEC	Philippines	100%		100%	
CATS	British Virgin Islands		100%		100%
CATS-PB	Philippines		100%		100%
RBWRP	Philippines		100%		100%
QC	Cayman Islands		100%		100%
QU	USA		100%		100%

This account consists of:

	2023	2022
CEIC	\$ 86,143,703	\$ 86,143,703
CEC	2,990,749	2,990,749
	\$ 89,134,452	\$ 89,134,452

No additional investment in subsidiaries in 2023 and 2022.

In 2023, 2022 and 2021 the subsidiaries declared and paid dividends totaling \$17,900,000, \$10,600,000, and \$15,500,000, respectively, as disclosed in Note 12.

9. TRANSPORTATION EQUIPMENT – net

The carrying amounts of the Parent Company's transportation equipment as of December 31, 2023 and 2022 are as follows:

	2023	2022
Cost	\$ 84,696	\$ 84,696
Accumulated depreciation	(84,696)	(84,696)
	\$ -	\$ -

In both years, fully depreciated transportation equipment is still in use.

In both years, there are neither additions made, nor the transportation equipment held as collateral to a loan agreement.

10. ACCRUED EXPENSES AND OTHER PAYABLES

Component of accrued expenses and other payables account are as follows:

	2023		2022	
Accrued interest payable (Notes 11 and 15)	\$	398,225	\$	426,314
Accrued expenses		2,429		95,900
Withholding taxes payable		155,194		120,475
	\$	555,848	\$	642,689

Accrued expenses include professional, management and audit fees.

In 2023, 2022 and 2020, unrealized foreign exchange gains recognized amounted to nil, \$632, and nil, respectively, as disclosed in Note 17.

11. LOANS PAYABLE

The Parent Company's borrowings pertain to short-term and long-term bank loans.

		Current		Non-current		Total
December 31, 2023						
Short-term loans (Note 11.01)	\$	3,311,816	\$	-	\$	3,311,816
Long-term loans (Note 11.02)		8,644,425		21,137,786		29,782,211
	\$	11,956,241	\$	21,137,786	\$	33,094,027
December 31, 2022						
Short-term loans (Note 11.01)	\$	13,725,950	\$	-	\$	13,725,950
Long-term loans (Note 11.02)		7,147,134		25,675,615		32,822,749
	\$	20,873,084	\$	25,675,615	\$	46,548,699

11.01 Short-term Loans

Details of short-term loans are as follows:

		2023		2022
Bank loans				
Rizal Commercial Banking Corporation (RCBC)	\$	642,056	\$	963,085
Shinhan Bank – Manila Branch		1,500,000		2,100,000
Philippine Commercial Capital Inc.		1,169,760		-
		3,311,816		3,063,085
Commercial paper		-		10,662,865
	\$	3,311,816	\$	13,725,950

Movements of the short-term loans are as follows:

	2023	2022	2021
Balance at January 1	\$ 13,725,950	\$ 17,858,711	\$ 48,008,811
Proceeds from availment of loan	14,684,975	10,662,865	20,643,414
Unrealized foreign exchange loss (gain) (Note 15)	78,122	(93,978)	405,344
Loan repayments	(25,177,231)	(14,701,648)	(49,623,316)
Balance at December 31	\$ 3,311,816	\$ 13,725,950	\$ 17,858,711

In 2023, 2022 and 2021, finance costs incurred and paid on short-term loans amounted to \$556,731, \$1,070,595, and \$752,156, respectively, as disclosed in Note 15.

In both years, the Parent Company is not required to maintain ratios to comply with the requirements of short-term loans.

In both years, the Parent Company has complied with all the requirements of the contract and has no default payments.

11.01.01 Bank loans

Terms and conditions of short-term loans are as follows:

- Revolving loan facilities with RCBC, which have payment terms of 150-360 days, unsecured and charged interest of 4.75% in both years.
- Loan agreement with Shinhan Bank - Manila Branch is unsecured, payable in one (1) year and has a fixed rate of 4.8% per annum. In 2021, the loan term was extended until August 30, 2022 with interest of 3.75% per annum. In 2022, the loan term was extended until August 30, 2023 with interest rate of 4.50% per annum. In 2023, the loan term was extended until November 30, 2024 with interest rate of 7.82% per annum.

11.01.02 Philippine Commercial Capital Inc.

In 2023, the Parent Company entered into various short-term loan agreements with an aggregate amount of \$14,684,975, loan terms ranging from 45 days to 344 days, unsecured with interest rates ranging from 5.51% to 8.45%. Payments to this loan in 2023 amounted to P13,515,216.

11.01.03 Commercial paper

The Securities and Exchange Commission (the "Commission") has approved on February 19, 2020, the Company's Amended Registration of up to Two Billion Pesos (Php2,000,000,000) or \$39,401,103 worth of Commercial Paper (CP), which is listed on the Philippine Dealing and Exchange Corp. on February 20, 2020. The Commission has subsequently issued a Certificate of Permit to Offer Securities for Sale authorizing the sale and distribution of the aforesaid securities. The CPs may be issued in lump-sum or in tranches and shall have an interest rate fixed prior to the issuance. The succeeding tranches, if any, shall be issued within three (3) years from the date of effectivity of the subject Amended Registration Statement.

The initial issuance of Series A, B and C will carry discount rates of 5.332%, 5.582%, and 5.832%, respectively, calculated on a true-discount basis. The initial issuance will have the following tenors: 91 days, 182 days, and 364 days for Series A, B and C, respectively. Multinational Investment Bancorporation as a Sole Arranger and Lead Underwriter.

On May 29, 2020, listing of re-issued CP maturing on February 18, 2021 amounted to P275,000,000 or \$5,421,176.

On July 15, 2020, listing of re-issued CP maturing on February 18, 2021 amounted to P494,000,000 or \$ 9,892,861.

On September 1, 2020, listing of reissued CP maturing on February 18, 2021 amounted to P545,200,000 or \$11,245,179.

The issuance of Series D and E will carry discount rates of 4.000% and 4.250%, respectively, calculated on a true-discount basis having the following tenors of 182 days and 364 days, respectively. Philippine Commercial Capital as a Sole Arranger and Lead Underwriter.

On April 28, 2021, listing of re-issued CP maturing on April 28, 2023 amounted to P1,000,000,000 or \$20,643,414.

The issuance of Series F and G will carry discount rates of 6.887% and 7.770%, respectively, calculated on a true-discount basis having the following tenors of 182 days and 364 days, respectively. Philippine Commercial Capital as a Sole Arranger and Lead Underwriter.

On December 6, 2022, listing of re-issued CP maturing June 6, 2023 amounted to P293,800,000 or \$5,235,210.

Also, on December 6, 2022, listing of re-issued CP maturing December 5, 2023 amounted to P304,600,000 or \$5,427,655.

11.02 Long-term Loans

Summary of long-term loans are as follows:

	Current	Non-current	Total
December 31, 2023			
2018 NFA (Note 11.02.01)	\$ 7,147,134	\$ 18,510,327	\$ 25,657,461
KEB Hanah Bank (Note 11.02.02)	1,497,291	2,627,459	4,124,750
	\$ 8,644,425	\$ 21,137,786	\$ 29,782,211
December 31, 2022			
2018 NFA (Note 11.02.01)	\$ 7,147,134	\$ 25,675,615	\$ 32,822,749

In 2023, 2022 and 2021, finance costs incurred on long-term loans amounted to \$2,017,972, \$2,547,963, and \$3,033,097, respectively, as disclosed in Note 15.

As of December 31, 2023 and 2022, accrued interest payable amounted to \$398,225 and \$426,314, respectively, as disclosed in Notes 11 and 16. In 2023, 2022 and 2021, finance cost paid amounted to \$2,011,349, \$2,340,093, and \$3,048,768, respectively, as disclosed in Note 15.

Availment of long-term loans amounted to \$4,499,073, nil and nil, respectively, while payment of long-term loans amounted to \$7,574,323, \$17,500,000 and \$7,500,000 in 2023, 2022 and 2021, respectively.

11.02.01 2018 NFA

Details of 2018 NFA are as follows:

	Current		Non-current		Total
December 31, 2023					
2018 NFA					
Principal	\$	7,200,000	\$	18,600,000	\$ 25,800,000
Deferred finance cost		(52,866)		(89,673)	(142,539)
	\$	7,147,134	\$	18,510,327	\$ 25,657,461
December 31, 2022					
2018 NFA					
Principal	\$	7,200,000	\$	25,800,000	\$ 33,300,000
Deferred finance cost		(52,866)		(124,385)	(177,251)
	\$	7,147,134	\$	25,675,615	\$ 32,822,749

Movements of 2018 NFA are as follows:

	2023		2022		2021
Balance at January 1	\$	32,822,749	\$	50,228,752	\$ 57,681,785
Loan repayments		(7,200,000)		(17,500,000)	(7,500,000)
Change in deferred finance cost		34,712		93,997	46,967
Balance at December 31	\$	25,657,461	\$	32,822,749	\$ 50,228,752

Movements of deferred financing costs are as follows:

	2023		2022		2021
Balance at January 1	\$	177,251	\$	271,248	\$ 318,215
Transaction costs recognized during the year		3,550,766		3,348,700	3,155,748
Amortization		(3,585,478)		(3,442,697)	(3,202,715)
Balance at December 31	\$	142,539	\$	177,251	\$ 271,248

On April 12, 2018, the Parent Company entered into a \$40,000,000 NFA with Bank of Philippine Islands and Rizal Commercial Banking Corporation (each a "Noteholder" and collectively, the "Noteholders"), RCBC Trust and Investments Group (Facility and Paying Agent) and RCBC Capital Corporation (Issue Manager). The NFA provided for the conversion of the outstanding balance of the Parent Company's short-term bridge loan facilities with the Noteholders amounting \$20,000,000 each Noteholder into long term credit facilities. The NFA provided for the issuance of 7-year fixed rate corporate note which bears interest of 6.25% per annum payable quarterly. The net proceeds from the issuance of the Notes shall be used to refinance the bridge loan facilities used to acquire the 100% ownership of Quintel Cayman.

Under the NFA, the Parent Company shall pay the 30% of the loan outstanding on issue date in 24 equal consecutive quarterly commencing at the end of the 1st year until the end of the 28th quarter from the issue date. The remaining 70% of the loan outstanding on issue date shall be paid in a single balloon payment at maturity date.

The NFA contained an embedded derivative arising from voluntary prepayment option where the Parent Company may redeem, in whole or in part, equivalent to an amount less than and in multiples of \$5,000,000 on any interest payment date beginning on the first anniversary of the issue date, by paying a prepayment penalty equivalent to 2% of the principal amount of the Notes being redeemed, together with any and all accrued interest up to the date of redemption at the applicable rate and any related breakage costs (calculated from such non-interest payment date to the immediately succeeding interest payment date) actually incurred by the relevant Noteholders, if the redemption was made on a non-interest payment date. The prepayment penalty shall not apply if the redemption is due to: (i) interest costs or (ii) illegality.

The Parent Company assessed that the embedded derivative in the NFA is closely related to the host contract, thus was not bifurcated from the host contract based on the provisions of PFRS 9.

In accordance with the NFA, the following financial ratios must be maintained:

- Debt to equity ratio shall not, at any time, exceed 70:30;
- Debt service coverage ratio shall not, as of relevant testing date, be less than 1.15; and
- Current ratio shall not, at any time, be less than 1.10.

Equity is defined in the agreement as the aggregate of outstanding capital stock, additional paid-in capital stock, equity reserve and retained earnings at any date and as shown in the latest consolidated balance sheet of the Parent Company. Debt, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the Parent Company and its subsidiaries to pay or repay money.

Debt service ratio is defined in the agreement as the result obtained by dividing (i) earnings before deducting interest expense, income tax, depreciation and amortization (EBITDA) and (ii) the amount of debt service. Debt service, on the other hand, is defined in the agreement as the aggregate of all payments for: (a) interest and principal payments due under the Agreement in the next twelve (12) months; (b) the principal and interest payments due in the next twelve (12) months of all interest-bearing debt with tenor of more than twelve (12) months, and (c) netting obligations of the Issuer due in the next twelve (12) months under permitted hedging arrangements, if applicable.

The carrying amount of the loan from the 2018 NFA amounted to \$25,657,461 and \$32,822,749 as of December 31, 2023 and 2022, respectively.

The Parent Company is compliant with the terms and conditions of the aforementioned loan agreement.

11.02.02 KEB Hana Bank

On August 7, 2023, the Parent Company entered into a loan agreement with KEB Hana Bank amounting to \$4,499,073 with a loan term of three (3) years with an interest rate of 8% per annum, payable quarterly. In 2023, the Parent Company made loan repayment amounting to P374,323. As of December 31, 2023, current and non-current portion of loans from KEB Hana Bank amounted to \$1,497,291 and \$2,627,459, respectively.

12. RELATED PARTY TRANSACTIONS

Nature of relationship of the Parent Company and its related parties are disclosed below:

Related Parties	Nature of Relationship
Carmetheus Holdings, Inc. (CarHI)	Ultimate Parent
Camerton Inc. (CI)	Immediate Parent
Cirtek Electronics International Corporation (CEIC)	Subsidiary (Direct)
Cirtek Electronics Corporation (CEC)	Subsidiary (Direct)
Cirtek Advances Technologies and Solutions, Inc.- BVI (CATSI)	Subsidiary (Indirect)
CATS- Philippine Branch (CATS-PB)	Subsidiary (Indirect)
RBW Real Property, Inc. (RBWRP)	Subsidiary (Indirect)
Quintel Cayman	Subsidiary (Indirect)
Quintel USA	Subsidiary (Indirect)
Stockholders	Key Management Personnel

12.01 Due from Related Parties

Balances of due from related parties as shown in the separate statements of financial position are summarized per category as follows:

12.01.01 Subsidiaries

Transactions with subsidiaries are detailed as follows:

	December 31, 2023		December 31, 2022	
	Amounts/ Volume	Outstanding Balances	Amounts/ Volume	Outstanding Balances
CEIC				
Advances	\$ 7,612,199	\$ 62,237,938	\$ 10,600,000	\$ 54,625,739
Dividends (Note 8)	17,900,000	-	10,600,000	
CEC				
Advances	-	40,941,333	2,201,457	45,984,962
CATS-PB				
Advances	-	25,044,829	-	37,575,408
QUINTEL CAYMAN				
Advances	-	15,245,001	-	15,245,001
RBWRP				
Advances	-	212,371	-	212,371
	\$ 25,512,199	\$ 143,681,472	\$ 23,401,457	\$ 153,643,481

In 2023, 2022 and 2021, advances granted to related parties amounted to \$7,612,199, \$12,801,457 and \$19,464,972, respectively.

In 2023, 2022 and 2021, collection of advances to subsidiaries amounted to \$17,574,208, \$3,231,328 and \$22,433,929, respectively.

In 2023, 2022 and 2021, the subsidiaries declared and paid dividends totaling \$17,900,000, \$10,600,000, and \$15,500,000, respectively, as disclosed in Note 8.

Advances are mainly to support the working capital requirements of the related parties. The amounts outstanding are non-interest bearing, unsecured, collectible on demand, and will be settled in cash. No guarantees have been received. No provisions have been made for expected credit losses in respect of the amounts owed by related parties.

12.02 Due to Related Parties

Balances of due to related parties as shown in the separate statement of financial position are summarized per category as follows:

12.02.01 Subsidiaries

The result of assignments and settlements in 2011 represents outstanding balance from Parent Company's purchase of CEC and CEIC amounting to \$3.2million.

Payments made to CEC in 2023, 2022 and 2021 amounted to \$22,021,052 while payments made to CEIC in 2023, 2022 and 2021 amounted to \$2,398,865.

12.03 Remuneration of Key Management Personnel

In 2023, 2022 and 2021, remuneration provided for directors and other members of key management personnel of the Parent Company amounted to \$6,685, \$6,676, and \$63,321, respectively, as disclosed in Note 16.

13. DIVIDENDS DECLARED

The Parent Company has declared the following dividends to its equity holders:

Date of declaration	Date of record	Dividend per share	Shares outstanding	Total Dividends
2023				
March 8, 2023				
Preferred B-2	March 8, 2023	\$ 0.022812463	67,000,000	\$ 1,528,435
Preferred B-2B	March 20, 2023	0.015000000	20,000,000	300,000
Preferred B-2C	March 14, 2023	0.018249640	16,936,400	309,083
Preferred B-2D	March 14, 2023	0.018249640	28,625,500	522,405
June 8, 2023				
Preferred B-2	June 8, 2023	\$ 0.022812463	67,000,000	1,528,435
Preferred B-2B	June 19, 2023	0.015000000	20,000,000	300,000
Preferred B-2C	June 14, 2023	0.018062931	16,936,400	305,921
Preferred B-2D	June 14, 2023	0.018062931	28,625,500	517,060
September 8, 2023				
Preferred B-2	September 8, 2023	\$ 0.022812454	67,000,000	1,528,435
Preferred B-2B	September 18, 2023	0.025000000	20,000,000	500,000
Preferred B-2C	September 14, 2023	0.017555856	16,936,400	297,333
Preferred B-2D	September 14, 2023	0.017555872	28,625,500	502,546
December 09, 2023				
Preferred B-2	December 11, 2023	\$ 0.022812454	67,000,000	1,528,434
Preferred B-2B	December 18, 2023	0.025000000	20,000,000	500,000
Preferred B-2C	December 14, 2023	0.017996293	16,936,400	304,792
Preferred B-2D	December 14, 2023	0.017996293	28,625,500	515,153
				\$ 10,988,032
2022				
March 8, 2022				
Preferred B-2	March 3, 2023	\$ 0.0153125	67,000,000	\$ 1,025,938
Preferred B-2B	March 18, 2023	0.0150000	20,000,000	300,000
Preferred B-2C	March 14, 2023	0.0196080	16,936,400	332,093
Preferred B-2D	March 14, 2023	0.0196080	28,625,500	561,295
June 8, 2022				
Preferred B-2	June 8, 2023	\$ 0.0153125	67,000,000	1,025,938
Preferred B-2B	June 20, 2023	0.0150000	20,000,000	300,000
Preferred B-2C	June 14, 2023	0.0196080	16,936,400	332,093
Preferred B-2D	June 14, 2023	0.0196080	28,625,500	561,295
September 8, 2022				
Preferred B-2	September 8, 2023	\$ 0.0153125	67,000,000	1,025,938
Preferred B-2B	September 16, 2023	0.0150000	20,000,000	300,000
Preferred B-2C	September 14, 2023	0.0196080	16,936,400	294,885
Preferred B-2D	September 14, 2023	0.0196080	28,625,500	498,408
December 09, 2022				
Preferred B-2	December 09, 2023	\$ 0.0153125	67,000,000	1,025,938
Preferred B-2B	December 19, 2023	0.0150000	20,000,000	300,000
Preferred B-2C	December 14, 2023	0.0196080	16,936,400	304,152
Preferred B-2D	December 14, 2023	0.0196080	28,625,500	514,071
				\$ 8,702,044

Date of declaration	Date of record	Dividend per share	Shares outstanding	Total Dividends
2021				
March 1, 2021				
Preferred A	March 1, 2022	\$ 0.000012196	699,984,421	\$ 8,535
Preferred B1	March 1, 2022	1.011385	88,275	89,280
Preferred B2-A	March 1, 2022	0.015313	66,997,812	1,025,938
Preferred B2-B	March 1, 2022	0.015000	20,000,000	300,000
June 1, 2021				
Preferred B2-A	June 1, 2022	\$ 0.015313	66,997,812	1,025,938
Preferred B2-B	June 1, 2022	0.015000	20,000,000	300,000
September 1, 2021				
Preferred B2-A	September 1, 2022	\$ 0.015313	66,997,812	1,025,938
Preferred B2-B	September 1, 2022	0.015000	20,000,000	300,000
December 1, 2021				
Preferred B2-A	December 1, 2022	\$ 0.015313	66,997,812	1,025,938
Preferred B2-B	December 1, 2022	0.015000	20,000,000	300,000
				\$ 5,401,567

In 2023, 2022, and 2021, amounts of dividends declared were \$10,988,032, \$8,702,044, and \$5,401,567, respectively.

In 2023, 2022 and 2021, cash dividends paid amounted to \$11,114,987, \$8,702,044, and \$5,401,567, respectively. Accordingly, as of December 31, 2023 and 2022, dividends payable amounted to nil and \$126,955, respectively.

14. CAPITAL STOCK

Components of capital stock are as follows:

	2023	2022	2021
Common shares (Note 14.01)	\$ 14,562,067	\$ 14,562,067	\$ 14,562,067
Preferred shares (Note 14.02)	3,925,528	3,925,528	3,925,528
Stock warrants	6,458,070	6,458,070	6,458,070
Additional paid-in capital	179,726,321	179,726,321	179,726,321
	\$ 204,671,986	\$ 204,671,986	\$ 204,671,986

14.01 Common Shares

Shown below are the details of common shares as of December 31, 2023, 2022 and 2021:

	2023		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized						
Common shares, P1.00 par value	1,200,000,000	\$ 24,053,040	1,200,000,000	\$ 24,053,040	1,200,000,000	\$ 24,053,400
Issued and fully paid						
Balance, January 1	668,505,825	\$ 14,562,067	668,505,825	\$ 14,562,067	419,063,353	\$ 9,594,321
Issuances	-	-	-	-	249,442,472	4,967,746
Balance, December 31	668,505,825	\$ 14,562,067	668,505,825	\$ 14,562,067	668,505,825	\$ 14,562,067

On November 18, 2011, the Parent Company listed with the PSE its common stock, wherein it offered 42,163,000 shares to the public at issue price of P7 per share. The total proceeds with issuance of new shares amounted to P295.1 million (\$6.8 million). The Parent Company incurred transaction costs incidental to the IPO amounting P47.3 million (\$1.1 million), which was charged against "Additional paid-in capital" in the 2011 statement of financial position. As of December 31, 2011, the Parent Company has 162,163,000 issued common shares.

Stock Rights Offering

The Board of Directors and stockholders of Parent Company, in their special meetings held on September 28, 2020 and November 27, 2020, respectively, approved the following:

1. The approval to offer to all eligible stockholders of record of the Parent Company, as of the date to be set by its management in accordance with existing law and regulations (the 'Record Date'), rights to subscribe (the "Rights Offer") to the common shares of the Parent Company (the 'Rights Shares') with a bonus detachable warrant for each Rights Share (the 'Detachable Warrant'), subject to: (i) the approval of the increase in the Corporation's authorized capital stock; (ii) the registration or exemption requirements, whichever may be applicable, of the Securities and Exchange Commission ('SEC'); and (iii) the listing requirements of the Philippine Stock Exchange ('PSE').
2. The approval of the authority of any one (1) of the Chairman of the Board, the President, the Chief Financial Officer, and/or other senior officers of the Parent Company to fix the terms and conditions of the Rights Offer, including, but not limited to, the final issue size which shall be up to 250,000,000 common shares, the entitlement ratio, the offer price, the payment terms, the terms of the detachable warrant including the exercise price, the procedure for lodging the application to subscribe, the details and procedures for the various rounds of offer including the treatment of rump shares, as applicable, the Record Date and other relevant dates, and other terms, without the necessity of obtaining further approval from the stockholders and Board of Directors (BOD).

On January 6, 2021, the BOD passed resolutions approving a new the conduct of a Stock Rights Offering with issuance of bonus detachable warrants, which approval was refreshed on February 5, 2021.

On June 23, 2021, the Board of Directors of the Philippine Stock Exchange, Inc. in its meeting approved, the application of the Company to list up to 250,000,000 common shares (the "Right Shares"), with a par value of Php1.00 per share, to cover its Stock Rights Offering ("SRO") to all stockholders as of the proposed record date, at an Offer Price of P4.50 to P7.25 per Right Share, as well as its application to list up to 250,000,000 Bonus Detachable Warrants ("Detachable Warrants"), free of charge, with up to 250,000,000 underlying common shares at Exercise Price of P4.50 to P7.25.

The original offer period of the SRO is for the period of July 12 to 22, 2021. However, the Office of the President recently issued Proclamation No. 1189 declaring July 20, 2021 as a regular holiday in observance of Eid'l Adha. Thus, the Parent Company and the Joint Issue Managers and Lead Underwriters agreed to extend the offer period for the SRO until July 23, 2021 (originally set to end on July 22, 2021). The SEC-Markets and Securities Regulation Department confirmed to the Parent Company on July 16, 2021 that it has no objection to the extension of the offer period.

In 2023, 2022 and 2021, proceeds from issuance of common stock amounted to nil, nil and \$27,322,606, respectively. As of December 31, 2023 and 2022, stock warrants amounted to \$6,458,070.

14.02 Preferred Shares

Details of Parent Company's redeemable preferred shares are as follows:

	2023		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized						
Preferred shares A, P0.10 par value	700,000,000	\$ 1,587,734	700,000,000	\$ 1,587,734	700,000,000	\$ 1,587,734
Preferred shares B-1, P1.00 par value	70,000,000	1,587,734	70,000,000	1,587,734	70,000,000	1,587,734
Preferred shares B-2, P1.00 par value	360,000,000	7,481,141	360,000,000	7,481,141	360,000,000	7,481,141
	1,130,000,000	10,656,609	1,130,000,000	10,656,609	1,130,000,000	10,656,609
Issued and fully paid						
Balance, January 1						
Preferred shares A	700,000,000	946,863	700,000,000	946,863	700,000,000	946,863
Preferred shares B-1	70,000,000	342,399	70,000,000	342,399	70,000,000	342,399
Preferred shares B-2	67,000,000	1,326,733	67,000,000	1,326,733	67,000,000	1,326,733
Preferred shares B-2B	20,000,000	416,145	20,000,000	416,145	20,000,000	416,145
Preferred shares B-2C	16,936,400	332,093	16,936,400	332,093	-	-
Preferred shares B-2D	28,625,500	561,295	28,625,500	561,295	-	-
Issuances						
Preferred shares B-2C	-	-	-	-	16,936,400	332,093
Preferred shares B-2D	-	-	-	-	28,625,500	561,295
Balance, December 31						
Preferred shares A	700,000,000	946,863	700,000,000	946,863	700,000,000	946,863
Preferred shares B-1	70,000,000	342,399	70,000,000	342,399	70,000,000	342,399
Preferred shares B-2	67,000,000	1,326,733	67,000,000	1,326,733	67,000,000	1,326,733
Preferred shares B-2B	20,000,000	416,145	20,000,000	416,145	20,000,000	416,145
Preferred shares B-2C	16,936,400	332,093	16,936,400	332,093	16,936,400	332,093
Preferred shares B-2D	28,625,500	561,295	28,625,500	561,295	28,625,500	561,295
Balance, December 31	902,561,900	\$ 3,925,528	902,561,900	\$ 3,925,528	902,561,900	\$ 3,925,528

In 2015, the 400,000,000 preferred shares at par value of P0.10 were subscribed by Camerton, a principal shareholder of the Parent Company.

On September 8, 2017, the Parent Company's BOD, by majority vote, approved the amendment in the Parent Company's articles of incorporation to increase the Parent Company's authorized capital stock by P300,000,000, or:

- a) From P560,000,000, consisting of:
 - i. P520,000,000 worth of common shares divided in to 520,000,000 common shares with par value of P1.00 per share; and
 - ii. P40,000,000 worth of preferred shares divided into 400,000,000 Preferred A shares with par value of P0.10 per share.
- b) To P860,000,000 consisting of:
 - i. P520,000,000 worth of common shares divided into 520,000,000 common shares with par value of P1.00 per share;
 - ii. P70,000,000 worth of Preferred A shares divided into 700,000,000 preferred A shares with par value of P0.10 per share; and
 - iii. P270,000,000 worth of preferred B shares with par value of P1.00 per share. The Preferred B shares are further classified into the following series: (a) P70,000,000 worth of preferred B-1 shares, and (b) P200,000,000 worth of preferred B-2 shares, both having a par value of P1.00 per share.

On the same date, the additional 300,000,000 preferred A shares and 70,000,000 preferred B-1 shares shall be issued to and subscribed by Camerton at their par value of P0.10 per share and P1.00 per share, respectively. The Parent Company recognized preferred stock and additional paid-in capital amounting to \$0.1 million and \$0.3 million, respectively, net of subscriptions receivable. Preferred B-1 shares are not listed in the PSE.

On September 29, 2017, the Philippine SEC approved the Parent Company's application for the increase in authorized capital stock.

The features of the preferred A shares are (i) full voting rights, one vote for each share; (ii) preferred non-cumulative cash dividends at the rate of 1% of their par value per year, with no participation in further cash dividends which may be declared and paid to the common shares or any other class or series of shares; and (iii) the same stock dividends which may be declared and paid to the common shares or any other class or series of shares.

On September 15, 2017 and November 9, 2017, the Parent Company's BOD approved the following features, rights and privileges of preferred B-2 shares:

- a. Non-voting;
- b. Preferred, cumulative cash dividends of up to 6.125% of the issue price per year, at the discretion of the Parent Company's BOD, with no participation in further cash dividends which may be declared and paid to the common shares, provided that, other than the basis being their respective issue prices, the cash dividend rate for preferred B-1 shares and preferred A shares;
- c. The same stock dividends which may be declared and paid to the common shares; and
- d. As and if approved by the Parent Company's BOD, redeemable in whole and not in part, at the sole option of the Parent Company at a price and at such time that the Parent Company's BOD shall determine.

In 2017, aggregate amount received from the issuance of preferred shares amounted to \$67,489,141. Related stock issuance cost amounted to \$775,635.

In 2018, partial payment received from subscription receivable on preferred shares A amounting to \$578,882.

The Board of Directors, in its special meeting held on September 1, 2020, approved the following:

1. The designation of Subseries of Preferred B-2 Shares Consisting of 33 Million Unissued Existing Preferred B-2 Shares to be denominated as Preferred B2 Subseries B Shares and to denominate the Preferred B2 shares issued in 2017 consisting of 67 Million Preferred B-2 Shares as Preferred B-2 Subseries A Shares.
2. Approval of the Terms and Conditions of the Preferred B-2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission for the Preferred B-2 Subseries B Shares.
3. The offer for sale or subscription of up to 33 Million of its Preferred B-2 Subseries B Shares by way of private placement and offer to qualified buyers for an offer price of up to \$1.00 per share, and the listing of such shares with the Philippine Stock Exchange.

On September 1, 2020, the Corporation disclosed that in its Special Meeting, the Board of Directors approved the following:

1. The designation of Subseries of Preferred B-2 Shares Consisting of 33 Million Unissued Existing Preferred B-2 Shares to be denominated as Preferred B-2 Subseries B Shares and to denominate the Preferred B-2 shares issued in 2017 consisting of 67 Million Preferred B2 Shares as Preferred B-2 Subseries A Shares.
2. Approval of the Terms and Conditions of the Preferred B-2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission for the Preferred B-2 Subseries B Shares.
3. The offer for sale or subscription of up to 33 Million of its Preferred B-2 Subseries B Shares by way of private placement and offer to qualified buyers for an offer price of up to \$1.00 per share, and the listing of such shares with the Philippine Stock Exchange.

On October 7, 2020, the SEC issued the Certificate of Filing of Enabling Resolution approving the Corporation's Enabling Resolutions designating the subseries of Preferred B-2 Shares, namely: Preferred B2 Subseries A and Preferred B2 Subseries B, and to allocate the 200,000,000 Preferred B-2 Shares as follows: (i) 67,000,000 Preferred B-2 Subseries A Shares, and (ii) 33,000,000 Preferred B-2 Subseries B Shares, and the balance of 100,000,000 Preferred B-2 Shares shall be designated by the Board in subseries at a future date.

The Board of Directors, in its special meeting held on November 10, 2020, approved the subscription by Camerton, Inc. of up to 33,000,000 Preferred B2 Subseries B Shares of the Company at the subscription price of \$1.00 per share.

The Board of Directors of TECH, in its special meeting held on December 2, 2020, approved the setting of the Dividend Rate of the Preferred B-2 Subseries B Shares to 6% per annum.

On December 21, 2020, the execution of the Subscription Agreement between Cirtek Holdings Philippines Corporation (the "Corporation" or "TECH") and Camerton, Inc. for the issuance of a total of P20,000,000,000 Preferred B-2 Subseries B Shares.

Preferred Shares Offering

The Board of Directors of Parent Company, in its special meeting held on November 5, 2021, approved the following:

1. Approval of the allocation of additional Preferred Class B-2 Subseries C and D Shares

In line with the approved offering by way of primary offer of up to 70,000,000 cumulative, non-participating, non-voting, non-convertible, perpetual and redeemable peso-denominated Preferred Class B-2 shares with par value of P1.00 per share at an offer price of P50.00 per share, the Board approved the further allocation of the authorized and unissued Preferred Class B-2 Shares of Parent Company as follows: (i) up to 10,000,000 Preferred Class B-2 Subseries B Shares as Preferred Class B-2 Subseries C Shares; and (ii) up to 30,000,000 Preferred Class B-2 Shares as Preferred Class B-2 Subseries D Shares, bringing the total number of unissued and outstanding Preferred Class B-2 Subseries C Shares is up to 60,000,000 and the total number of unissued and outstanding Preferred Class B-2 Subseries D Shares is up to 50,000,000.

The Parent Company also clarified that the allocation of the up to 60,000,000 Preferred Class B-2 Subseries C Shares is not only as part of the Base Offer of 50,000,000 Preferred Class B-2 Shares but also in the event of oversubscription and that the allocation of up to 50,000,000 Preferred Class B-2 Subseries D Shares is not only in the event of oversubscription but as part of the Base Offer.

2. Approval of the updated terms and conditions of the Preferred Class B-2 Subseries C and D Shares

The Board approved the updated terms and conditions of the Preferred Class B-2 Subseries C and D Shares as set forth in PNB Capital and Investment Corporation's latest Indicative Term Sheet as of November 3, 2021.

3. Approval and clarification of the offering and listing of the Preferred Class B-2 Subseries C and D Shares

The Board approved and clarified its authority to offer for sale or subscription up to P2,500,000,000 in aggregate issue value, consisting of up to 50,000,000 Preferred Class B-2 Shares, composed of Preferred Class B-2 Subseries C and/or D Shares (the "Base Offer Shares"), by way of private placement, offer to qualified buyers and/or public offering at an offer price of P50.00 per share and that in the event of oversubscription, PNB Capital, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, in consultation with the Corporation, has the right (but not the obligation) to offer up to an additional 20,000,000 Preferred Class B-2 Shares, composed of Preferred Class B-2 Subseries C and/or D Shares (the "Oversubscription Shares"), equivalent to an additional aggregate issue value of up to P1,000,000,000 at an offer price of P50.00 per share.

The Board also reiterated and clarified its authority to register the Base Offer Shares and/or Oversubscription Shares with the SEC and list the same in The Philippine Stock Exchange, Inc. ("PSE"), subject to compliance with SEC regulations and PSE listing rules.

On November 24, 2021, the SEC issued Order of Registration and Certificate of Permit to Sell in relation to the Company's registration of follow-on offering of 30,000,000 Preferred Class B-2 Shares (the "Base Offer Shares") with an over-subscription option of up to 20,000,000 Preferred Class B-2 Shares at an offer price of P50.00 per Preferred Class B-2 Shares and to be offered as either Subseries "C" or "D" (the "Offer").

The offer period will run from November 25, 2021 to December 3, 2021 with target issue date and listing date at the PSE on December 14, 2021.

In 2023, 2022 and 2021 proceeds from issuance of preferred stock amounted to nil, nil and \$44,669,405, respectively.

15. FINANCE COSTS

Components of finance costs as disclosed in Note 12 are as follows:

	2023	2022	2021
Short-term loans	\$ 556,731	\$ 1,070,595	\$ 752,156
Long-term loans	2,017,972	2,547,963	3,033,097
	\$ 2,574,703	\$ 3,618,558	\$ 3,785,253

In 2023, 2022 and 2021, finance cost paid amounted to \$2,539,990, \$3,504,685 and \$3,847,891, respectively, as disclosed in Note 12. Accordingly, accrued interest payable amounted to \$398,225 and \$426,314 as of December 31, 2023 and 2022, respectively, as disclosed in Notes 10 and 11.

16. OPERATING EXPENSES

The account is composed of the following expenses:

	2023	2022	2021
Taxes and licenses	\$ 267,063	\$ 139,464	\$ 419,043
Professional fees	210,599	291,201	358,077
Representation and entertainment	68,145	115,089	63,321
Service fee	52,368	843,433	913,676
Advertising	27,595	33,829	84,182
Director's fee (Note 12)	6,685	6,676	19,375
Penalties	-	19,102	59,180
Miscellaneous	14,375	11,880	10,272
	\$ 646,830	\$ 1,460,674	\$ 1,927,126

Taxes and licenses pertain to documentary stamp taxes on loans, permits and registration, and notarial fees.

Professional fees pertain to retainer's fee, legal fees, and consultancy fees.

Service fee includes payments for the processing of SRO and underwriting fee for preferred shares offering.

17. OTHER INCOME – net

Components of other income – net are as follows:

	2023	2022	2021
Unrealized foreign exchange gain			
– net	\$ 81,348	\$ 350,208	\$ 819,099
Realized foreign exchange loss	(293,918)	(326,860)	(76,241)
Other income	-	-	162,219
	\$ 375,266	\$ 677,068	\$ 905,077

Details of unrealized foreign exchange gain (loss) are as follows:

	2023	2022	2021
Cash in banks (Note 6)	\$ 159,452	\$ 255,777	\$ (350,978)
Accrued expenses and other payables (Note 10)	-	632	-
Miscellaneous deposits	(18)	(179)	(121)
Short-term loans (Note 11)	(78,122)	93,978	1,170,198
	\$ 81,348	\$ 350,208	\$ 819,099

Other income pertains to a refund from PSE for the overpayment of listing fee.

18. INCOME TAXES

18.01 Income Taxes Recognized in Profit of Loss

A numerical reconciliation between tax expense and the product of accounting profit multiplied by the tax rate in 2023, 2022 and 2021 is as follows:

	2023	2022	2021
Accounting profit	\$ 15,139,376	\$ 6,262,824	\$ 10,707,122
Tax expense at 25%/25%/30%, respectively	3,784,844	1,565,706	2,676,781
Tax effects of:			
Unrecognized DTA on NOLCO	726,551	1,188,093	1,797,665
Non-deductible expense	5,353	-	-
Unrecognized DTA on MCIT	4,409	-	1,622
Unrecognized deferred taxes on unrealized forex loss (gain)	(20,337)	(87,552)	(4,635)
Finance income subject to final tax	(21,411)	(16,247)	(3,606)
Dividend income exempt from tax	(4,475,000)	(2,650,000)	(3,875,000)
	\$ 4,409	\$ -	\$ 1,622

Details of NOLCO in 2022 and 2023 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2022	\$ 6,726,224	\$ -	\$ -	\$ -	\$ 6,726,224	2025
2023	2,906,204	-	-	-	2,906,204	2026
	\$ 9,632,428	\$ -	\$ -	\$ -	\$ 9,632,428	

Details of NOLCO covered by Revenue Regulation No. 25-2020 is as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2020	\$ 3,838,613	\$ -	\$ -	\$ -	\$ 3,838,613	2025
2021	7,190,661	-	-	-	7,190,661	2026
	\$ 11,029,274	\$ -	\$ -	\$ -	\$ 11,029,274	

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only.

Details of MCIT are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2020	\$ 6,329	\$ -	\$ -	\$ 6,329	\$ -	2023
2021	1,622	-	-	-	1,622	2024
2023	4,409	-	-	-	4,409	2026
	\$ 12,360	\$ -	\$ -	\$ 6,329	\$ 6,031	

Unrecognized deferred tax assets from NOLCO and MCIT are detailed as follows:

	NOLCO	MCIT	Total
Balance, January 1, 2022	\$ 2,971,515	\$ 67,951	\$ 3,039,466
Unrecognized during the year	1,467,360	(60,000)	1,407,360
Balance, December 31, 2022	4,438,875	7,951	4,446,826
Unrecognized during the year	726,551	(1,920)	724,631
Balance, December 31, 2023	\$ 5,165,426	\$ 6,031	\$ 5,151,457

19. EARNINGS (LOSS) PER SHARE

The Parent Company's earnings (loss) per share are \$0.00620, (\$0.00365), and \$0.00793 in 2023, 2022 and 2021, respectively.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2023	2022	2021
Earnings (loss) used in the calculation of total basic earnings per share	\$ 4,146,935	\$ (2,439,220)	\$ 5,303,933
Weighted average number of ordinary shares for the purpose of basic earnings per share	668,505,825	668,505,825	668,505,825

20. FAIR VALUE MEASUREMENTS

20.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Parent Company's financial assets and liabilities as of December 31, 2023 and 2022 are presented below:

	2023		2022	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets				
Cash and cash equivalents	\$ 18,149,769	\$ 18,149,769	\$ 17,708,475	\$ 17,708,475
Due from related parties	143,681,472	143,681,472	153,643,481	153,643,481
Miscellaneous deposit	5,373	5,373	1,782	1,782
	\$ 161,836,614	\$ 161,836,614	\$ 171,353,738	\$ 171,353,738
Financial Liabilities				
Accrued expenses and other payables	\$ 400,654	\$ 400,654	\$ 522,214	\$ 522,214
Loans payable	14,583,700	14,583,700	46,548,699	46,548,699
Dividends payable	-	-	126,955	126,955
	\$ 15,139,548	\$ 15,139,548	\$ 47,197,868	\$ 47,197,868

Due to short-term maturities the Parent Company believes that the carrying amount of cash and cash equivalents, due from related parties, miscellaneous deposit, accrued expenses and other payables (excluding withholding taxes payable), and dividends payable approximate their fair values.

Management believes that the carrying amount and the fair value of the loans payable are the same since the interest applied approximates the market rate.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Parent Company's Management provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Parent Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include credit risk, market risk which includes interest rate risk and liquidity risk.

21.01 Credit Risk Management

Credit risk is the risk of financial loss to the Parent Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Parent Company is exposed to credit risks from cash in banks, cash equivalents, due from related parties, and miscellaneous deposit all at amortized cost.

The Parent Company considers the following policies to manage its credit risk:

➤ **Banks**

The Parent Company transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Parent Company uses other publicly available information such as annual report to monitor the financial status of the banks. The Parent Company assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest and inflation rates to determine the possible impact to banks.

➤ **Due from Related Parties and Miscellaneous Deposit**

The Parent Company transacts only with recognized, creditworthy counterparties. In addition, receivable balances are monitored on an ongoing basis with the result that the Parent Company's exposure to expected credit loss is not significant.

Financial assets measured at amortized cost are as follows:

	2023		2022	
Cash in banks and cash equivalents	\$	18,149,769	\$	17,708,475
Due from related parties		143,681,472		153,643,481
Miscellaneous deposit		1,780		1,782
	\$	161,835,044	\$	171,353,738

The calculation of allowance for expected credit losses are based on the following three (3) components:

➤ **Probability of Default (PD)**

PD is the likelihood over a specified period, usually one year that a client will not be able to make scheduled repayments. PD depends not only on the client's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

➤ **Loss Given Default (LGD)**

LGD is the amount of money a Parent Company loses when a client defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

➤ **Exposure at Default (EAD)**

EAD is the total value a Parent Company is exposed to when a loan defaults. It refers to the gross carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses in 2023 and 2022:

	PD rate <i>A</i>	LGD rate <i>B</i>	EAD <i>C</i>	ECL <i>D=A*B*C</i>
December 31, 2023				
Cash in banks and cash equivalents	0.00%	0.00% to 99.94%	\$ 18,149,769	\$ -
Due from related parties	0.00%	100.00%	143,681,472	-
Miscellaneous deposit	0.00%	100.00%	5,373	-
			\$ 161,836,614	\$ -
December 31, 2022				
Cash in banks and cash equivalents	0.00%	0.00% to 99.92%	\$ 17,708,475	\$ -
Due from related parties	0.00%	100.00%	153,643,481	-
Miscellaneous deposit	0.00%	100.00%	1,782	-
			\$ 171,353,738	\$ -

Cash in Banks and Cash Equivalents

The Company determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. In both years, the Parent Company estimated the probability of default to be nil.

In 2023 and 2022, loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 99.94% and 0.00% to 99.92%, respectively.

In both years, exposure at default is equal to the gross carrying amount of cash in banks and cash equivalents.

Due from Related Parties

The Parent Company determined the probability of default rate by considering the following: the nature of business, status of operations and industry classification of the Parent Company's related parties; the past, current and forecast performance of each counterparty. In both years, the Parent Company estimated the probability of default to be nil for all related parties.

In both years, loss given default rate is 100% for all clients because the Parent Company does not obtain collateral for these transactions.

In both years, exposure at default is equal to the gross carrying amount of due from related parties.

Miscellaneous Deposit

In both years, miscellaneous deposit represents less than 1% of the total financial assets at amortized cost which is considered immaterial. Management assessment that the probability of default is nil for both years. The loss given default rate is 100% and the exposure at default is equal to the gross carrying amount.

21.02 Market Risk Management

21.02.01 Philippine Peso Currency Risk Management

The Parent Company undertakes transactions denominated in Philippine Peso; consequently, exposures to exchange rate fluctuations arise.

Peso denominated assets and liabilities translated into USD at the closing rate is as follows:

		2023		2022	
		PHP	USD	PHP	USD
ASSETS					
Cash and cash equivalents	P	864,137,482	\$ 15,551,271	P 631,886,856	\$ 11,623,376
Miscellaneous deposits		100,000	1,780	100,000	1,782
	P	864,237,482	\$ 15,553,051	P 631,986,856	\$ 11,625,158
LIABILITIES					
Accrued expenses and other payables	P	134,971	\$ 2,429	P 5,381,883	\$ 95,900
Loans payable		294,200,000	5,294,509	716,252,000	12,762,865
		294,334,971	5,296,938	721,633,883	12,858,765
NET EFFECT	P	569,902,511	\$ 10,256,113	P (89,647,027)	\$ (1,233,607)

The Company is mainly exposed to Philippine Peso.

Exposures to currency exchange rates arise from the Parent Company's cash and cash equivalents miscellaneous deposits, accrued expenses and other payables and loans payable. To mitigate the Parent Company's exposure to peso currency risk, cash flows and fluctuations of rate changes are being monitored closely.

The Parent Company's sensitivity to increase and decrease for its peso transactions in 2023 and 2022, in the US Dollar against the Philippine Peso, is 1.57% and 1.66%, respectively.

The exchange rates used for every dollar are P55.567 and P56.120 in 2023 and 2022, respectively.

The sensitivity rates above are used when reporting peso currency risk internally to key management personnel and represents Management's assessment of the reasonably possible change in exchange rates. The sensitivity analysis includes outstanding peso denominated monetary items and adjusts their translation at the period end for a change in dollar exchange rates. A positive number below indicates an increase in profit where the dollar strengthens against the relevant currency. For a weakening of the Philippine Peso against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative. Note that all other variables are held constant. No changes were made from the previous assumptions and method used.

		Monetary Asset	Monetary Liabilities	Net Effect to Profit	
	Change in assumption	Increase/(Decrease) in assumption	(Increase)/Decrease in assumption	Increase in assumption	Decrease in assumption
2023					
	1.57%/				
PHP	(1.57%)	244,183 / (244,183)	(83,162) / 83,162	161,021	(161,021)
2022					
	1.66%/				
PHP	(1.66%)	192,978 / (192,978)	(213,455) / 213,455	(20,477)	20,477

There are no items affecting equity except for those having impact on profit or loss.

The Company's sensitivity to peso currency has increased during the current year mainly due to the fluctuation on peso exchange rates.

In Management's opinion, the sensitivity analysis is representative of the inherent exchange risk in both years. The Company mitigates its exposure to peso currency risk by monitoring its peso currency cash flows.

21.02.02 Interest Rate Risk Management

The Parent Company's exposure to interest rate risk arises from its cash in bank, which is subject to variable interest rates and loans payable which is subject to fixed interest rates.

Profits for the years ended December 31, 2023 and 2022 would not be affected since interest rate risk exposure for its cash in banks, which is subject to variable rate, is immaterial and the loans payable are subject to fixed interest rates.

The Parent Company has no significant exposure on its loans payable since these are subject to fixed interest rates. Therefore, any change in the market interest rates has no effect on the amounts of future cash flows.

21.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Parent Company's short, medium and long-term funding and liquidity management requirements. The Parent Company manages liquidity risk by continuously monitoring forecast.

The following table details the Parent Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liability based on the earliest date on which the Parent Company can be required to pay. The tables include both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Within One (1) Year	Beyond One (1) Year	Total
December 31, 2023				
Accrued expenses and other payables	-	\$ 555,848	\$ -	\$ 522,214
Loans payable	3.95%-8.00%	20,873,084	25,675,615	46,548,699
		21,522,253	25,675,615	47,197,868
December 31, 2022				
Accrued expenses and other payables	-	\$ 522,214	\$ -	\$ 522,214
Loans payable	3.95%-8.00%	20,873,084	25,675,615	46,548,699
Dividends payable	-	126,955	-	126,955
	-	21,522,253	25,675,615	47,197,868

The following table details the Parent Company's expected maturity for its non-derivative financial assets. The inclusion of information on non-derivative financial asset is necessary in order to understand the Parent Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted Average Effective Interest Rate	On Demand	Within One (1) Year	Total
December 31, 2023				
Cash in banks	Floating	\$ 15,593,887	\$ -	\$ 15,593,887
Cash equivalents	3.50%	-	2,555,882	2,555,882
Due from related parties	-	143,681,472	-	143,681,472
Miscellaneous deposit	-	-	1,780	1,780
		\$ 159,275,359	\$ 2,557,662	\$ 161,833,021
December 31, 2022				
Cash in banks	Floating	\$ 11,677,178	\$ -	\$ 11,677,178
Cash equivalents	3.50%	-	6,031,297	6,031,297
Due from related parties	-	153,643,481	-	153,643,481
Miscellaneous deposit	-	-	1,782	1,782
		\$ 165,320,659	\$ 6,033,079	\$ 171,353,738

22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Parent Company manages its capital to ensure that the Parent Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Parent Company's overall strategy remains unchanged from 2022.

The capital structure of the Parent Company consists of debt (liabilities as detailed in Notes 10, 11, 12 and 13) and equity of the Parent Company comprising common stock, preferred stock, stock warrants, additional paid-in capital, retained earnings as disclosed in Note 14.

Pursuant to Section 42 of the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus plus profits in excess of 100% of their paid-in capital stock, except: 1) when justified by definite corporate expansion projects or programs approved by the board of directors; or 2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or 3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies. The Company is compliant with the above requirements.

The Parent Company's risk management committee reviews the capital structure of the Parent Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Parent Company has a target debt to equity ratio of 2:1 determined as the proportion of debt to equity.

The debt to equity ratio at end of the reporting period was as follows:

	2023	2022
Debt	\$ 33,654,284	\$ 47,318,343
Equity	217,316,782	213,169,847
Debt to equity ratio	0.15:1	0.22:1

Debt is defined as long- and short-term borrowings, as described in Notes 10, 11, 12 and 13, while equity includes all capital and reserves of the Parent Company that are managed as capital.

23. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities is as follows:

	2023	2022
Beginning balance, January 1	\$ 47,101,968	\$ 68,526,859
Changes from financing cash flows		
Proceeds from loans payable	19,184,048	10,662,865
Dividends declared	10,988,032	8,702,044
Finance cost incurred	2,574,703	3,618,558
Unrealized foreign exchange gain	78,122	(93,978)
Finance cost paid	(2,568,080)	(3,410,688)
Cash dividends paid	(11,114,987)	(8,702,044)
Payment of loans	(32,751,554)	(32,201,648)
Ending balance, December 31	\$ 33,492,252	\$ 47,101,968

24. EVENTS AFTER THE REPORTING PERIOD

24.01 Dividend Declaration

The Board of Directors of TECH, in its regular meeting held on January 19, 2024, approved the following:

Declaration of cash dividends of the following shares:

a. Preferred A Shares (Unlisted)

Declaration of cash dividend of USD 0.000012196 per share for each of the 700,000,000 issued and outstanding Preferred A Shares amounting to an aggregate sum of USD 8,537, for payment and distribution on March 8, 2024 to shareholders of record as of February 22, 2024. The cash dividend shall be paid in Philippine Pesos at the Bangko Sentral ng Pilipinas ("BSP") exchange rate one day prior to payment date.

b. Preferred B-1 Shares (Unlisted)

Declaration of cash dividend of P0.06125 per share for each of the 70,000,000 issued and outstanding Preferred B-1 Shares amounting to an aggregate sum of P4,287,500 for payment and distribution on March 8, 2024 to shareholders of record as of 22 February 22, 2024.

c. Preferred B-2 Subseries A Shares ("Preferred B-2A Shares")

Declaration of cash dividend of USD 0.0228125 per share for each of the 67,000,000 outstanding and issued Preferred B-2A Shares amounting to an aggregate sum of USD 1,528,438, for each Dividend Period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2A Shares shall be made to the entitled shareholders on the following dates:

- March 8, 2024 to shareholders of record as of February 22, 2024;
- June 8, 2024 to shareholders of record as of May 24, 2024;
- September 8, 2024 shareholders of record as of August 23, 2024; and
- December 9, 2024 shareholders of record as of November 22, 2024.

d. Preferred B-2 Subseries B Shares ("Preferred B-2B Shares")

Declaration of cash dividend of USD 0.025 per share for each of the 20,000,000 outstanding and issued Preferred B-2B Shares amounting to an aggregate sum of USD 500,000, for each Dividend Period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2B Shares shall be made to the entitled shareholders on the following dates:

- i. March 18, 2024 to shareholders of record as of March 1, 2024;
- ii. June 18, 2024 to shareholders of record as of June 3, 2024;
- iii. September 18, 2024 shareholders of record as of September 3, 2024; and
- iv. December 18, 2024 shareholders of record as of December 3, 2024.

e. Preferred B-2 Subseries C Shares and Preferred B-2 Subseries D Shares ("Preferred B-2C and Preferred B-2D Shares")

Declaration of cash dividend of P0.8233 per share for each of 16,936,400 outstanding and issued Preferred B-2 Subseries C Shares amounting to an aggregate sum of P13,943,738, and declaration of cash dividend of P0.968825 per share for each of the 28,625,500 outstanding and issued Preferred B-2 Subseries D Shares amounting to an aggregate sum of P27,733,100, for each Dividend Period.

The schedule of the payment and distribution of the cash dividends for each of Preferred B-2C and Preferred B-2D Shares shall be made to the entitled shareholders on the following dates:

- i. March 14, 2024 to shareholders of record as of February 28, 2024;
- ii. June 14, 2024 to shareholders of record as of May 30, 2024;
- iii. September 16, 2024 shareholders of record as of August 30, 2024; and
- iv. December 16, 2024 shareholders of record as of November 29, 2024.

25. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

These separate financial statements were approved and authorized for issuance by the Board of Directors on April 19, 2024.

26. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 15-2010

The Bureau of Internal Revenue (BIR) released a revenue regulation dated November 25, 2010 amending Revenue Regulations No. 21-2002 setting forth additional disclosures on Notes to Separate Financial Statements. Below are the disclosures required by the said Regulation:

26.01 Taxes and Licenses Paid or Accrued

The details of the Parent Company's taxes and licenses fees paid or accrued in 2023 are as follows:

26.01.01 Documentary Stamp Tax

Details of documentary stamp tax are as follows:

	Amount of Transaction	In USD	DST	In PHP
Loans (Dollar transactions)	\$ 4,521,028	\$ 106,661	P	5,928,847
Loans (Peso transactions)	P 250,000,000	37,455		2,119,230
		\$ 144,116	P	8,048,077

26.01.02 Other Taxes and Licenses

An analysis on the Parent Company's other taxes and licenses and permit fees paid or accrued during the year is as follows:

	In USD	In PHP
Listing and registration fees	\$ 1,124	P 63,075
Business permits	578	31,804
DST, except thos specified above	28,324	1,586,610
Others	92,921	5,220,543
	\$ 122,947	P 6,902,032

26.01.03 Withholding Taxes

An analysis on the Parent Company's withholding taxes paid or accrued during the year is as follows:

	In USD	In PHP
Final withholding tax	\$ 881,177	P 48,964,336
Expanded withholding taxes	9,348	520,526
	\$ 890,525	P 49,484,862

27. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION NO. 19-2011

Pursuant to Section 244 in relation to Section 6(H) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are prescribed to revise BIR Form 1702 setting forth the following schedules. Below are the disclosures required by the said Regulation:

27.01 Taxable income

Taxable income pertains to realized foreign exchange gain which amounted to \$293,918 or P19,470,867.

27.01 Itemized Deductions

The following is an analysis of the Parent Company's itemized deductions for the taxable year:

	In USD	In PHP
Finance cost	\$ 2,553,292	P 140,342,137
Taxes and licenses	267,063	14,961,179
Professional fees	210,599	11,665,610
Representation	68,145	3,794,389
Service fee	52,368	2,903,342
Advertising	27,595	1,519,130
Director's fee	6,685	370,526
Miscellaneous	14,375	795,867
	\$ 3,200,122	P 176,352,180

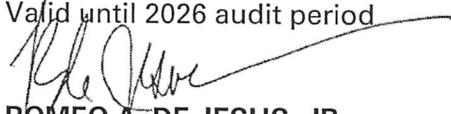
INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Board of Directors and the Stockholders
CIRTEK HOLDINGS PHILIPPINES CORPORATION
116 East Main Avenue
Phase V-SEZ, Laguna Technopark
Biñan, Laguna

We have audited the separate financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** as at December 31, 2023 and 2022 and for each of the three years then ended December 31, 2023 on which we have rendered the attached report dated April 19, 2024.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period



ROMEO A. DE JESUS, JR.
Managing Partner
CPA Certificate No. 86071
BIR Accreditation No. 08-007679-006-2024
Valid from March 15, 2024 until March 14, 2027
Tax Identification No. 109-227-897
IC Group A Accredited
Accreditation No. 86071-IC
Valid until 2026 audit period
PTR No. 10081200
Issued on January 9, 2024 at Makati City

April 19, 2024

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Group A Accredited

PKF R.S. Bernaldo & Associates is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).



REPORT ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
CIRTEK HOLDINGS PHILIPPINES CORPORATION
116 East Main Avenue
Phase V-SEZ, Laguna Technopark
Biñan, Laguna

We have issued our report dated April 19, 2024 on the basic separate financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** as of and for the year ended December 31, 2023. Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** taken as a whole. The information in the index to the separate financial statements for the year ended December 31, 2023, which is not a required part of the separate financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **CIRTEK HOLDINGS PHILIPPINES CORPORATION**. The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
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ROMEO A. DE JESUS, JR.

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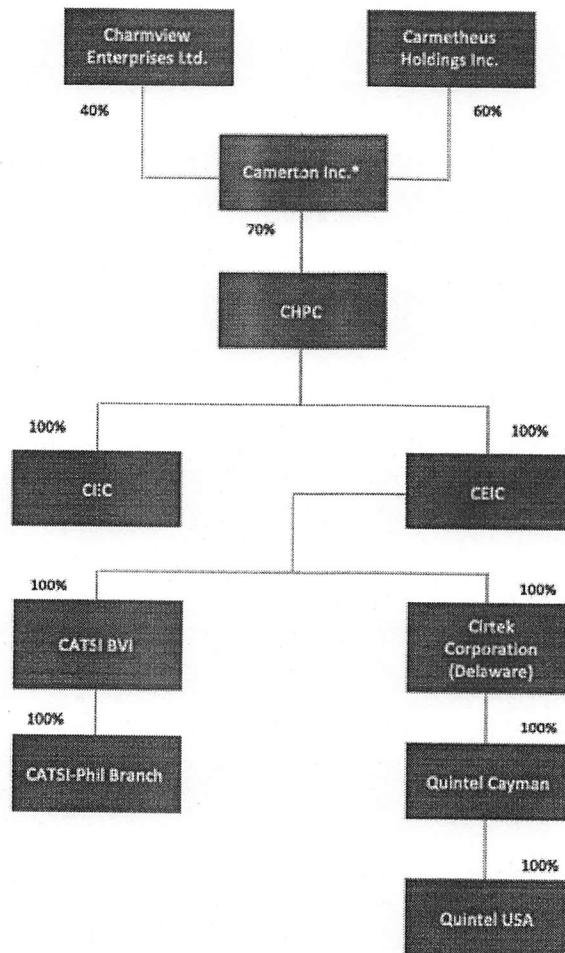
CIRTEK HOLDINGS PHILIPPINES CORPORATION
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
December 31, 2023

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CIRTEK HOLDINGS PHILIPPINES CORPORATION

**SCHEDULE I - MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES
IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES**

December 31, 2023



CIRTEK HOLDINGS PHILIPPINES CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2023

Unappropriated Retained Earnings, beginning of reporting period (see Footnote 2)		11,405,202
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements of prior-period adjustments	-	
Others (describe nature)	-	
Sub-total		-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	10,988,032	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements of prior-period adjustments	-	
Others (describe nature)	-	
Sub-total		10,988,032
Unappropriated Retained Earnings, as adjusted		417,170
Add/Less: Net Income (Loss) for the current year		15,134,967
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		-
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents but realized in the current reporting period (net of tax)	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		-
Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total		-
Adjusted Net Income/Loss		15,552,137
Add: <u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Sub-total		-

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)

Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Sub-total	-

Total Retained Earnings, end of the reporting period available for dividend	15,552,137
--	-------------------

FOOTNOTES

- (1) The amount of retained earnings of a company should be based on its separate ("stand-alone") audited financial statements.
- (2) Unappropriated Retained Earnings, beginning of reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.
- (3) Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by the regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.
- (4) This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and Implementing Rules and Regulations.

CIRTEK HOLDINGS PHILIPPINES CORPORATION
Schedule A – Financial Assets
December 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Income accrued
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Nothing to report.

CIRTEK HOLDINGS PHILIPPINES CORPORATION
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other than Related Parties)
December 31, 2023

Account Type		Balance at beginning of period		Additions		Deductions		Current		Balance at end of period
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Nothing to report.

CIRTEK HOLDINGS PHILIPPINES CORPORATION**Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements****December 31, 2023**

Related Parties	Balance at beginning of period	Amount/ Volume	Amounts Collected	Outstanding Balances
Cirtek Electronics International Corporation (CEIC)	\$ 54,625,739	\$ 7,612,199	\$ -	\$ 62,237,938
Cirtek Electronics Corporation (CEC)	45,984,962		5,043,629	40,941,333
CATS- Philippine Brach (CATS-PB)	37,575,408		12,530,579	25,044,829
Quintel Cayman	15,245,001		-	15,245,001
RBW Real Property, Inc. (RBWRP)	212,371		-	212,371
	\$ 153,643,481	\$ 7,612,199	17,574,208	\$ 143,681,472

CIRTEK HOLDINGS PHILIPPINES CORPORATION
Schedule D - Intangible Assets - Other Assets
December 31, 2023

Description	Beginning Balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
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Nothing to report.

CIRTEK HOLDINGS PHILIPPINES CORPORATION
Schedule E - Long-Term Debt
December 31, 2023

Title of issue and type of obligation	Amount authorized by indenture		Amount shown under caption "Current portion of long-term debt" in related balance sheet		Amount shown under caption "Long-Term Debt" in related balance sheet
Note Facility Agreement	N/A	\$	7,147,134	\$	18,510,327
Direct Lending Fund			1,497,291		2,627,459
		\$	8,644,425	\$	21,137,786

CIRTEK HOLDINGS PHILIPPINES CORPORATION
Schedule F - Indebtedness to Related Parties
(Included in the Consolidated Statements of Financial Position)
December 31, 2023

Name of Related Parties		Balance at beginning of period		Balance at end of period
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Nothing to report.

CIRTEK HOLDINGS PHILIPPINES CORPORATION
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of guarantee
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Nothing to report.

CIRTEK HOLDINGS PHILIPPINES CORPORATION
Schedule H - Capital Stock
December 31, 2023

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock - P1 par value	1,200,000,000	668,505,825	249,442,472	110,260,791	9	558,245,025
Preferred shares A, P0.10 par value	700,000,000	700,000,000		-	-	700,000,000
Preferred shares B-1, P1.00 par value	70,000,000	70,000,000	-	-	-	70,000,000
Preferred shares B-2, P1.00 par value	360,000,000	132,561,900	-	-	-	132,561,900
	2,330,000,000	1,571,067,725	249,442,472	110,260,791	9	1,460,806,925

CIRTEK HOLDINGS PHILIPPINES CORPORATION
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2023 and 2022

	2023	2022
A. SHORT-TERM LIQUIDITY RATIO		
CURRENT RATIO	12.93	4.76
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{161,836,614}{12,516,498}$	$\frac{171,353,738}{36,033,511}$
WORKING CAPITAL TO ASSETS	0.59	0.52
$\frac{(\text{Current Assets} - \text{Current Liabilities})}{\text{Total Assets}}$	$\frac{149,320,116}{250,971,066}$	$\frac{135,320,227}{260,488,190}$
B. LONG-TERM SOLVENCY		
ASSET TO EQUITY	1.15	1.22
$\frac{\text{Total Assets}}{\text{Shareholders' Equity}}$	$\frac{250,971,066}{217,316,782}$	$\frac{260,488,190}{213,169,847}$
DEBT TO EQUITY	0.15	0.22
$\frac{\text{Total Liabilities}}{\text{Shareholders' Equity}}$	$\frac{33,654,284}{217,316,782}$	$\frac{47,318,343}{213,169,847}$
LONG-TERM DEBT TO EQUITY	0.14	0.15
$\frac{\text{Long-Term Debt}}{\text{Shareholders' Equity}}$	$\frac{29,782,211}{217,316,782}$	$\frac{32,822,749}{213,169,847}$

CIRTEK HOLDINGS PHILIPPINES CORPORATION
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2023 and 2022

	2023	2022
FIXED ASSETS TO EQUITY	-	-
(Fixed Assets - Accumulated Depreciation)	-	-
Shareholders' Equity	217,316,782	213,169,847
CREDITORS EQUITY TO TOTAL ASSETS	0.13	0.18
Total Liabilities	33,654,284	47,318,343
Total Assets	250,971,066	260,488,190
FIXED ASSETS TO LONG-TERM DEBT	-	-
(Fixed Assets - Accumulated Depreciation)	-	-
Long-Term Debt	29,782,211	32,822,749
C. RETURN ON INVESTMENTS		
RATE OF RETURN ON TOTAL ASSETS	0.06	0.02
Net Profit	15,134,967	6,262,824
Average Total Assets	255,729,628	272,483,855
RATE OF RETURN ON EQUITY	0.07	0.03
Net Profit	15,134,967	6,262,824
Average Stockholders' Equity	215,243,315	214,389,457

CIRTEK HOLDINGS PHILIPPINES CORPORATION
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2023 and 2022

	2023	2022
D. PROFITABILITY RATIOS		
GROSS PROFIT RATIO	1.00	1.01
$\frac{\text{Gross Income}}{\text{Revenues}}$	$\frac{17,985,643}{17,900,000}$	$\frac{10,664,988}{10,600,000}$
OPERATING INCOME TO REVENUES	0.85	0.59
$\frac{\text{Income from Operations}}{\text{Revenues}}$	$\frac{15,134,967}{17,900,000}$	$\frac{6,262,824}{10,600,000}$
PRETAX INCOME TO REVENUES	0.85	0.59
$\frac{\text{Pretax Profit}}{\text{Revenues}}$	$\frac{15,139,376}{17,900,000}$	$\frac{6,262,824}{10,600,000}$
NET INCOME TO COMMISSION INCOME	0.85	0.59
$\frac{\text{Net Income}}{\text{Revenues}}$	$\frac{15,134,967}{17,900,000}$	$\frac{6,262,824}{10,600,000}$
E. INTEREST COVERAGE RATIO		
INTEREST COVERAGE RATIO	7	3
$\frac{\text{Earnings Before Interest and Tax}}{\text{Interest Expense}}$	$\frac{17,714,079}{2,574,703}$	$\frac{9,881,382}{3,618,558}$