SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sat 4/15/2023 3:55 AM

Greetings!

SEC Registration No: 0000013174
Company Name: LEISURE & RESORTS WORLD CORP.
Document Code: AFS

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Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

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1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

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A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

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

DIGI PLUS INTERACTIVE

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DigiPlus Interactive Corp. & Subsidiaries (*formerly Leisure & Resorts World Corporation & Subsidiaries*)** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free form material misstatement, whether due to fraud or error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2022 and 2021, respectively, have audited the separate financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

EUSEBIO H. TANCO
Chairman of the Board

TSUI KIN MING
President

WILFREDO PIELAGO
Treasurer

SUBSCRIBED AND SWORN to before me this APR 14 2023
Affiant exhibited to me his/her ____________

ATTY. ELISEO S. CALMA, JR.
Notary Public for Q.C. /Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007172D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
MCLE Comp. No. VII-0006924(09/21/2021-04/14/2025)
Adm. Matter No. NP-062(2022-2023)
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN: 138-54[illegible]97-000

DOC NO.
PAGE NO.
BOOK NO.
SERIES OF

Signed this ____________

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	1	7	4						

C O M P A N Y   N A M E

DIGIPLUS INTERACTIVE CORP. AND SUBSIDIARIES (FORMERLY LEISURE & RESORTS WORLD CORP.)

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

ECOPRIME BUILDING, 32ND STREET CORNER NINTH AVENUE, BONIFACIO GLOBAL CITY, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

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

Company's Email Address	Company's Telephone Number	Mobile Number
inquiry@lrwc.com.ph	+632 8637-5291 to 93	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,821	July 29	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Wilfredo Pielago	wilfredo.pielago@digiplus.com.ph	+632 8637-5291 to 93	N/A

CONTACT PERSON's ADDRESS

Ecoprime Building. 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City

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.

DigiPlus Interactive Corp. and Subsidiaries (formerly Leisure & Resorts World Corporation and Subsidiaries)

Consolidated Financial Statements
As at and for the year ended December 31, 2022
(With comparative figures as at December 31, 2021 and for the years ended December 31, 2021 and 2020)

Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are revenue recognition and impairment of non-financial assets.

Key Audit Matters	**How our audit addressed the Key Audit Matters**
Revenue recognition Refer to Notes 15 and 28.26 to the consolidated financial statements. Ascertaining completeness of the Group's retail games segment particularly on traditional bingo and electronic games, both online and onsite, requires audit attention primarily due to its material contribution to the Group's total consolidated revenue and the significant volume of traditional bingo and electronic gaming transactions that are processed either manually or through automated systems.	We addressed the matter through the following procedures: • Obtained understanding of the Group's revenue recognition policies in accordance with PFRS 15, Revenue from Contracts with Customers, and the related business processes and information technology (IT) environment. • Evaluated the design and tested the operating effectiveness of the IT general controls over the relevant IT systems, as well as the related automated and manual controls surrounding revenue recognition. In particular, we tested controls over the capture and recording of the revenue transactions, cash reconciliations, onsite player withdrawals, and reconciliation of onsite and offline revenue.

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the Key Audit Matters</th></tr>
<tr><td>These processes encompass, among others, controls from player registration, betting, recording of gross gaming receipts, and payouts.

For the year ended December 31, 2022, total consolidated revenue from retail games amounted to Php 8.1 billion.</td><td>• We tested the reliability of key system-generated reports to ascertain mathematical accuracy and completeness of recorded revenue including tracing of sample transactions to supporting documents; and

• We performed substantive audit procedures including test of reconciliation reports between systems used to transact and record revenue, as well as independent recalculation of gross gaming receipts.</td></tr>
<tr><td>Impairment of non-financial assets

As at December 31, 2022, the Group's non-financial assets include investment properties, investment in a joint venture, and goodwill. Refer to Notes 6, 7, 10, 28.12, 28.14, and 28.17. Impairment review is performed when there are indicators of impairment, except for Goodwill that is required to be assessed for impairment on an annual basis in accordance with the requirements of PAS 36, Impairment of Assets.

• The Group's investment properties consist of land, land improvements and building that is held for lease and capital appreciation with carrying amount as at December 31, 2022 aggregating to Php10.9 billion. This amount represents 52.24% of the Group's consolidated total assets as at December 31, 2022.

The valuation of the investment properties requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price based on internal and external factors, growth rate and replacement cost.</td><td>We addressed the matter through the following procedures:

Investment Properties

• Obtained the appraisal reports for investment properties and assessed the independence and competence of the Securities and Exchange Commission (SEC) accredited appraiser engaged by the Group. Independence and objectivity of the accredited appraiser was also evaluated in consideration of their professional qualifications, experience and reporting responsibilities.
• Performed understanding and evaluation of the accredited appraiser's work including but not limited to the completeness of data used, reasonableness of assumptions and calculation methods used.
• For investment properties valued under the market approach, on a sampling basis, we compared the relevant information used in the valuation against recent sale prices and/or listings of similar properties within the vicinity where the property is located;
• For investment properties valued using the income approach, the growth rates were compared against the historical rental rates of similar assets within the location; and
• For investment properties valued using the cost approach, we compared the relevant information used in calculating the replacement cost against the historical land and building improvement costs and factored in inflation using the relevant industry/market data.</td></tr>
</table>

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the Key Audit Matters</th></tr>
<tr><td>

The Group's investment in a joint venture pertains to Hotel Enterprises of the Philippines, Inc. (HEPI), with a carrying amount of Php1.5 billion. HEPI is a company registered and doing business in the Philippines, which has experienced business slowdown as a result of the quarantine and mobility restrictions for the past two (2) years. The investment balance is accounted under the equity method with share in losses amounting to Php48,057k in 2022. Correspondingly, impairment review entails the identification of factors that may indicate inability to restart business operations and any adverse impact to the fair value of HEPI's land, which accounts for 83.3% of its total assets.
The Group has goodwill with carrying amount of Php1.3 billion that represents 6.3% of the Group's total assets. An annual Goodwill impairment review is performed by management in relation to the retail and network and licenses segments which was assessed to be the lowest level of cash- generating unit (CGU). Management's Goodwill impairment review is significant to our audit primarily due to its complexity and requires significant management estimates, assumptions and judgement. The most significant assumptions used in management's impairment testing relate to the discount rate and terminal growth rate applied together with the assumptions supporting the underlying forecasted cash flows, in particular the revenue growth rates and cost ratios.

</td><td>
Investment in a joint venture

We have obtained the financial information of HEPI and recalculated the Group's equity in net losses and share in the gain in other comprehensive income of the joint venture arising from the revaluation of its land property.
We also reviewed the Group's assessment on whether there are any impairment indicators, both internal and external factors, and likewise performed independent evaluation based on status of operations, highest and best use of land property and its current fair value as at reporting date.
The fair value of the land was measured using market approach. We compared the relevant information used in the valuation against recent sale prices and/or listings of similar properties within the vicinity where the property is located;

Goodwill

Engaged our valuation experts to assist us in evaluating the assumptions and methodologies used in management's calculation.
Reviewed management's basis for identifying the CGU where goodwill is attributed to.
Performed evaluation and tested reasonableness of assumptions, estimates, and judgements used in the valuation model. This includes:

inputs used in determining the Weighted Average Cost of Capital (WACC) with reference to comparable companies.
revenue growth rates to historical data and terminal growth rates to externally derived data.
cost ratios based on historical results.

Tested the accuracy of the discounted cash flow and the CGU's carrying amount calculation.
Performed sensitivity analysis on the assumptions used.

</td></tr>
</table>

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, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, namely the SEC Form 17-A and Annual Report, that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the SEC Form 20-IS (Definitive Information Statement), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the SEC.

Other Matter

The consolidated financial statements of the Group as at December 31, 2021 and for the years ended December 31, 2021 and 2020 were audited by another auditor whose report dated May 30, 2022 expressed an unqualified opinion on those statements.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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 audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

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

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 14, 2023.

In compliance with the Revised SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of our work done, the Parent Company has 1,689 shareholders owning one hundred (100) or more shares as at December 31, 2022.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
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Makati City
April 14, 2023

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 14, 2023. The supplementary information shown in *the Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration, A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates*, and Schedules A, B, C, D, E, F, and G, as additional components required by the Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
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Makati City
April 14, 2023

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, and have issued our report thereon dated April 14, 2023. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary *Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2022 and no material exceptions were noted.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
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Makati City
April 14, 2023

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Consolidated Statement of Financial Position

As at December 31, 2022
(With comparative figures as at December 31, 2021 and 2020)
(All amounts in thousand Philippine Peso)

	Notes	2022	2021
ASSETS			
Current asset			
Cash and cash equivalents	2	1,356,481	416,524
Receivables, net	3, 8	1,086,372	924,490
Current portion of lease receivables	18	64,618	2,353
Due from related parties	21	157,156	157,156
Prepaid expenses and other current assets	4	437,992	112,899
Total current assets		3,102,619	1,613,422
Non-current assets			
Receivables , net of current portion	8	425,308	452,053
Lease receivables, net of current portion	18	142,924	15,878
Investments and advances, net	7	2,773,385	2,227,375
Financial assets at fair value through other comprehensive income (FVOCI)	9	78,513	53,582
Property and equipment, net	5	1,076,596	1,191,770
Investment properties	6	10,942,553	10,644,781
Goodwill	10	1,329,092	1,329,092
Other noncurrent assets	11	1,077,315	1,066,777
Total noncurrent assets		17,845,686	16,981,308
Total assets		20,948,305	18,594,730
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other current liabilities	12	2,454,359	1,633,896
Short-term loans payable	13	116,739	1,057,607
Current portion of:			
Long-term loans payable	13	3,160,901	622,532
Lease liabilities	18	260,511	214,983
Income tax payable		343	3,116
Total current liabilities		5,992,853	3,532,134
Non-current liabilities			
Long-term loans payable, net of current portion	13	-	2,785,504
Lease liabilities, net of current portion	18	369,952	436,929
Deposits for future stock subscriptions	14	-	321,250
Retirement benefits liability	19	53,077	132,269
Customer deposits, net of current portion	12	81,516	88,473
Deferred tax liabilities	22	1,444,183	1,613,602
Total noncurrent liabilities		1,948,728	5,378,027
Total liabilities		7,941,581	8,910,161
Equity			
Capital stock	14	4,094,107	4,094,107
Additional paid-in capital	14	5,090,997	4,276,691
Treasury shares	14	(431,598)	(1,703,951)
Retirement benefits reserve	19	20,502	24,244
Fair value reserve	7	499,835	(52,546)
Foreign currency translation reserve		(2,100)	(2,100)
Other reserve		(19,488)	(19,488)
Retained earnings		3,327,014	2,726,309
Equity attributable to equity holders of the Parent Company		12,579,269	9,343,266
Non-controlling interests		427,455	341,303
Total equity		13,006,724	9,684,569
Total liabilities and equity		20,948,305	18,594,730

(The notes on pages 1 to 88 are integral part of these financial statements)

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Consolidated Statement of Total Comprehensive Income

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in thousands Philippine Peso)

	Notes	2022	2021	2020
Revenues				
Retail games	15	8,126,122	1,887,500	2,262,183
Rental income	18	385,225	260,673	267,176
Service and hosting fees	16	351,793	544,381	800,450
Commission income		37,558	108,472	141,959
Revenue from sub-lease	18	4,892	4,944	-
Income from junket operations		-	-	111,552
		8,905,590	2,805,970	3,583,320
Cost and operating expenses	17	(8,274,291)	(3,238,501)	(4,213,296)
Operating profit (loss)		631,299	(432,531)	(629,976)
Other expenses and losses, net				
Finance expense	20	(376,705)	(247,730)	(312,808)
Unrealized gains on changes in fair values of investment properties, net	6	297,772	15,741	282,315
Finance income	20	264,631	2,679	26,203
Impairment loss on:				
Financial assets	3	(118,515)	(152,021)	(234,837)
Non-financial assets	4	(8,655)	(27,770)	(223,923)
Equity in net (loss) of:				
Joint venture	7	(48,058)	(54,702)	(102,440)
Associates		-	(1,057)	(714)
Foreign exchange loss, net		(126,390)	(15,962)	(4,792)
Provision for probable losses		(18,803)	-	-
Loss on disposal of property and equipment, net	5	48	-	(47,434)
Other income, net	20	29,026	1,606	12,168
		(105,649)	(479,216)	(606,262)
Profit (loss) before income tax		525,650	(911,747)	(1,236,238)
Benefit from (provision) for income tax	22	161,207	17,124	(101,857)
Profit (loss) for the year		686,857	(894,623)	(1,338,095)
Other comprehensive income (loss), net				
Items that will not be reclassified to profit or loss				
Remeasurement (loss) gain on retirement benefits, net of tax	19	(3,742)	42,866	(6,529)
Revaluation gain (loss) FVOCI	7,9	552,381	(59,049)	5,905
		548,639	(16,183)	(624)
Total comprehensive income (loss) for the year		1,235,496	(910,806)	(1,338,719)
Profit for the year attributable to:				
Equity holders of the Parent Company		600,705	(828,435)	(1,298,291)
Non-controlling interests		86,152	(66,188)	(39,804)
		686,857	(894,623)	(1,338,095)
Total comprehensive income attributable to:				
Equity holders of the Parent Company		1,149,344	(844,904)	(1,301,229)
Non-controlling interests		86,152	(65,902)	(37,490)
		1,235,496	(910,806)	(1,338,719)
Earnings (loss) per share				
Basic and diluted	14	0.2034	(0.3414)	(0.5370)

(The notes on pages 1 to 88 are integral part of these financial statements)

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in Philippine Peso)

	Capital stock		Equity attributable to equity holders of the Parent Company									
	Common	Preferred	Additional paid in capital	Treasury shares	Retirement benefits reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balances at January 1, 2020	2,417,500	1,650,000	4,263,308	(90,411)	(9,493)	598	(2,100)	(19,488)	4,863,035	4,832,552	434,695	13,507,644
Comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(1,298,291)	(1,298,291)	(39,804)	(1,338,095)
Other comprehensive loss for the year	-	-	-	-	(8,843)	5,905	-	-	-	(2,938)	2,314	(624)
Total comprehensive loss for the year	-	-	-	-	(8,843)	5,905	-	-	(1,298,291)	(1,301,229)	(37,490)	(1,338,719)
Transactions with owners												
Redemption of preferred shares				(1,613,500)								(1,613,500)
Acquisition of treasury shares				(40)								(40)
Balances at December 31, 2020	2,417,500	1,650,000	4,263,308	(1,703,951)	(18,336)	6,503	(2,100)	(19,488)	3,564,744	3,531,323	397,205	10,555,385
Comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(828,435)	(828,435)	(66,188)	(894,623)
Other comprehensive loss for the year	-	-	-	-	42,580	(59,049)	-	-	-	(16,469)	286	(16,183)
Total comprehensive loss for the year	-	-	-	-	42,580	(59,049)	-	-	(828,435)	(844,904)	(65,902)	(910,806)
Transactions with owners												
Conversion of warrants	26,607	-	13,383	-	-	-	-	-	-	-	-	39,990
Dividend declaration	-	-	-	-	-	-	-	-	(10,000)	(10,000)	10,000	-
Balances at December 31, 2021	2,444,107	1,650,000	4,276,691	(1,703,951)	24,244	(52,546)	(2,100)	(19,488)	2,726,309	2,676,419	341,303	9,684,569
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	600,705	600,705	86,152	686,857
Other comprehensive income for the year	-	-	-	-	(3,742)	552,381	-	-	-	548,639	-	548,639
Total comprehensive income for the year	-	-	-	-	(3,742)	552,381	-	-	600,705	1,149,344	86,152	1,235,496
Transactions with owners												
Conversion of preferred stock to common stock	1,650,000	(1,650,000)	-	-	-	-	-	-	-	-	-	-
Issuance of treasury shares	-	-	814,306	1,272,353	-	-	-	-	-	-	-	2,086,659
Balances at December 31, 2022	4,094,107	-	5,090,997	(431,598)	20,502	499,835	(2,100)	(19,488)	3,327,014	3,825,763	427,455	13,006,724

(The notes on pages 1 to 88 are integral part of these financial statements)

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Consolidated Statement of Cash Flows

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
Cash flows from operating activities				
Income (loss) before income tax		525,650	(911,747)	(1,236,238)
Adjustments for:				
Depreciation and amortization	5,11,17	375,827	351,687	534,290
Finance expense	20	376,705	247,730	312,808
Unrealized gain on changes in fair values of investment properties	6	(297,772)	(15,741)	(282,315)
Finance income	20	(264,631)	(2,679)	(26,203)
Unrealized foreign exchange loss, net	26.4	118,850	12,640	4,792
Loss on impairment of financial asset	2	118,515	152,021	234,837
Retirement expense	19	(81,333)	21,630	(15,575)
Gain on reversal of liabilities	20	(42,940)	-	-
Equity in net loss of joint venture and associates	7	48,058	55,759	103,154
Provision for probable losses	12, 24	18,803	-	-
Loss on impairment of nonfinancial assets	6,7,9,11	8,655	27,770	223,923
Loss on disposal of property and equipment	5, 20	48	-	47,434
Gain on pre-termination of leases	18	-	-	(14,196)
Operating income (loss) before working capital changes		904,435	(60,930)	(113,289)
(Increase) decrease in:				
Receivables		(210,162)	155,908	14,784
Prepaid expenses and other current assets		(333,748)	53,628	(31,587)
Increase (decrease) in:				
Trade payables and other current liabilities		791,352	(187,881)	(57,354)
Customer deposits		(10,287)	(2,469)	(6,866)
Net cash generated from (used for) operations		1,141,590	(41,744)	(194,312)
Income taxes paid		(10,985)	(12,966)	(18,398)
Benefits paid	19	(1,601)	(1,486)	(23,773)
Interest received		2,769	2,679	2,846
Net cash provided by (used in) operating activities		1,131,773	(53,517)	(233,637)
Cash flows from investing activities				
Proceeds from sale of property and equipment	5	-	-	28,437
Additions to:				
Property and equipment	7	(133,239)	(16,024)	(37,919)
Other noncurrent assets		(13,630)	(11,150)	(15,227)
Investments and advances	9	(66,619)	(142,539)	(10,464)
Investment properties	8	-	(4,697)	(2,128)
Net cash used in investing activities		(213,488)	(174,410)	(37,301)
Cash flows from financing activities				
Proceeds from:				
Loans payable	13	-	430,574	998,779
Deposit for future stock subscription	14	-	321,250	-
Issuance of capital stock and treasury shares	14	1,765,409	39,990	-
Finance lease	18	26,373	3,599	-
Payments for:				
Loans payable	13	(1,312,880)	(106,821)	(744,283)
Lease liabilities	18	(241,807)	(200,506)	(246,997)
Interest		(215,822)	(218,587)	(233,486)
Dividends		-	-	(73,057)
Acquisition of treasury shares	14	-	-	(39)
Redemption of preferred shares	14	-	-	(1,613,500)
Net cash provided by (used in) financing activities		21,273	269,499	(1,912,583)
Net increase (decrease) in cash and cash equivalents		939,558	41,572	(2,183,521)
Effect of exchange rate changes on cash and cash equivalents		399	978	(1,150)
Cash and cash equivalents at beginning of year		416,524	373,974	2,558,645
Cash and cash equivalents at end of year	2	1,356,481	416,524	373,974

(The notes on pages 1 to 88 are integral part of these financial statements)

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation and Subsidiaries)

Notes to the Financial Statements
As at and for the year ended December 31, 2022
(With comparative figures as at December 31, 2021
and for the years ended December 31, 2021 and 2020)
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Company information

DigiPlus Interactive Corp. (formerly Leisure & Resorts World Corporation) (the Parent Company or "DigiPlus") was registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1957. The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities") and the Group's interest in joint venture and associates.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange, Inc. (PSE).

The Parent Company's primary purpose is to purchase, acquire, own, use, improve, construct, develop, maintain, subdivide, sell, dispose of, exchange, lease and hold for investment, or otherwise deal with real estate and personal property of all kinds, including the management and operation of the activities conducted therein pertaining to general amusement and recreation enterprises, such as, but not limited to resorts, golf courses, clubhouses and sport facilities, hotels and gaming facilities, including but not limited to bingo parlors with all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith.

On February 28, 2023, the Securities and Exchange Commission approved the change of the corporate name of the Parent Company from "Leisure & Resorts World Corporation" to "DigiPlus Interactive Corp." In view of the foregoing, in March 2023, the Company changed its Stock Symbol from "LR" to "PLUS".

In addition, the SEC approved the Parent Company's change of business address from Pasig City to Taguig City. The Group's registered office address is Ecoprime Building, 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City.

1.2 Status of operations

Impact of COVID-19

In March 2020, in a move to contain the COVID-19 outbreak, the Office of the President of the Philippines issued Proclamation No. 929, declared a State of Calamity throughout the Philippines and mandated various quarantine restrictions (Enhanced Community Quarantine or ECQ) on commercial activities and material limitations on the conduct of business to contain the spread of the virus. This resulted in the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location. In line with this declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine.

On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine. On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under “Modified General Community Quarantine” (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for traditional bingo halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

Due to the resurgence of COVID-19 cases in March 2021, Metro Manila and nearby provinces were reverted under ECQ starting March 29, 2021 and as a result, gaming sites within Metro Manila and nearby provinces suspended operations. In April 2021, alert level was downgraded to Modified Enhanced Community Quarantine (MECQ) and in the mid of May, was further downgraded to GCQ and sites are allowed to reopen.

To prevent the surge in COVID-19 cases particularly due to the Delta variant, Metro Manila was again placed under ECQ and MECQ from August 15 to September 15, 2021. During this time, gaming sites were closed to the public.

On September 16, 2021, the government amended its quarantine classification system for Metro Manila to allow for granular lockdowns. The new system employs an “Alert Level” approach, where major classifications include only ECQ (Alert Level 5) and GCQ (Alert Level 4 to 1). Under GCQ, each classification level from Alert Level 4 corresponds to less strict limitations on mobility with Alert Level 1 being the most relaxed. Metro Manila was then placed under GCQ Alert Level 4 and the gaming sites reopened at limited capacity.

On October 6, 2021, the Philippine government eased the quarantine restriction to GCQ Alert Level 3. From November 15 to December 31, 2021, Metro Manila was placed under GCQ Alert Level 2. As the government eased the quarantine restrictions, the Group continued to maintain health and safety protocol mandates in its sites and acts with caution to satisfy customer requirements under the “new normal” arrangements.

The COVID-19 pandemic and its consequences as discussed above have significantly reduced the operations of all licensed casinos and gaming sites nationwide which have impacted the Group’s business, operations, and financial results. In 2022, with the ease of quarantine restrictions and the launching of the traditional bingo on a technology platform, BingoPlus, the Group’s operations started to recover. As a result, the Group generated a net income of P686,857 (2021 - P894,623 net loss) and positive operating cash flows of P1,131,773 (2021 - P54,495 negative operating cash flows). The Group’s current liabilities still exceeded current assets by P2,890,234 (2021 - P1,968,712). In February 2023, the Group has launched a new brand for its sports betting operations, Arena Plus.

Short-term liquidity issues of DigiPlus are being dealt on a group level as treasury and cash management functions remains centralized. The Group management has been addressing its existing obligations by negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan.

Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis.

Approval of financial statements

The accompanying consolidated financial statements as at and for the year ended December 31, 2022 have been approved and authorized for issuance by the Board of Directors (BOD) on April 14, 2023.

Note 2 - Cash

Cash and cash equivalents as at December 31 consist of:

	2022	2021
Cash in banks	1,043,071	369,509
Cash equivalents	242,108	-
Cash on hand and payout fund	71,302	47,015
	1,356,481	416,524

Cash in banks earn interest at the respective bank deposit rates. Interest income recognized in 2022 amounted to P2,769 (2021 - P1,268; 2020 - P1,282).

Payout fund pertains to the cash held by the cashier which is intended to pay for the prizes of the winners of each traditional bingo game. This is replenished on a daily basis.

Note 3 - Receivables, net

Receivables as at December 31 consist of:

	Notes	2022	2021
Trade receivables		1,300,452	1,072,511
Less: Allowance for expected credit loss (ECL) on trade receivables		(419,044)	(335,547)
		881,408	736,964
Advances to third parties		97,500	98,802
Less: Allowance for ECL on advances to third parties		(97,500)	(97,500)
		-	1,302
Advances to a stockholder		53,106	53,106
Current portion of:			
Receivable from Total Consolidated Asset Management, Inc. (TCAMI)	8	52,951	27,817
Advances to Binondo Leisure Resources, Inc. (BLRI)	7	18,000	40,078
Marketing support fund		27,373	27,373
Receivables from concessionaires		-	11,263
Receivable from sale of the aircraft	5	-	7,667
Others		127,630	57,998
		279,060	225,302
Less: Allowance for ECL on other receivables		(74,096)	(39,078)
		204,964	186,224
		1,086,372	924,490

Trade receivables

Trade receivables are unsecured, noninterest-bearing and collectible within 30 days.

Advances to third parties

Advances to third parties consist mainly of advance payments for a future project reimbursable from the project partner. These advances are noninterest-bearing, unsecured and collectible on demand.

Advances to stockholders

Advances to stockholders are unsecured, noninterest-bearing advances and collectible on demand.

Marketing support fund

Marketing support fund pertains to the reimbursable advances made by the Group for the promotional activities relating to e-bingo machine and e-games platform provider.

Advance to BLRI

These are cash advance to BLRI for the purpose of renovation and fittings of the building that it leases from ABLGI.

Receivable from TCAMI

This is the current portion of the receivable from TCAMI related to the sale of the Group's 50% shares in TechZone Philippines, Inc. (Notes 3 and 8).

Others

Other receivables also include cash advances made to companies which are engaged in similar gaming and amusement activities of the Group. Receivables from these companies represent noninterest-bearing and unsecured advances for working capital purposes that are due within one year.

The movements in allowance for ECL for the period ended December 31 are as follows:

	Trade receivables	Advances to third parties	Other receivables	Total
At December 31, 2020	322,033	97,500	74,002	493,535
Provision for impairment	151,109	-	912	152,021
Write off	(137,595)	-	(35,836)	(173,431)
As at December 31, 2021	335,547	97,500	39,078	472,125
Provision for impairment	83,497	-	35,018	118,515
As at December 31, 2022	419,044	97,500	74,096	590,640

In 2022, the Group recognized provision for impairment of receivables amounting to P118,515 (2021 - P152,021; 2020 - P234,837). In 2021, the Group had written off receivables amounting to P173,431 that, based on management's assessment, are no longer collectible.

Note 4 - Prepaid expenses and other current assets

Prepaid expenses and other current assets as at December 31 consist of:

	2022	2021
Input VAT - net	240,323	238,160
Less: Allowance for impairment of input VAT	(216,453)	(231,617)
	23,870	6,543
Prepaid expenses	227,292	47,470
Advances to officers and employees	72,721	34,644
Advances to contractors and suppliers	46,817	719
Restricted cash in bank	42,245	-
CWT	18,737	18,487
Others	6,310	5,036
	437,992	112,899

Prepaid expenses consist of advance payments for taxes, rent, insurance on property and equipment, health care benefits of employees, consultancy and professional services.

Advances to officers and employees are noninterest-bearing, unsecured and subject to liquidation within 12 months from the date granted or collectible in cash upon demand.

Advances to contractors and suppliers are down payment to vendors that will be applied against future deliveries of goods and performance of services.

The movements in allowance for impairment of input VAT are as follows:

	2022	2021	2020
Balance at beginning of year	231,617	231,048	201,541
Provisions	8,655	569	29,507
Write off	(23,819)	-	-
Balance at end of year	216,453	231,617	231,048

In 2022, the Group had written off input VAT amounting to P23,820 that are no longer recoverable (2021 - nil).

Note 5 - Property and equipment, net

Property and equipment as at December 31 consist of:

	Land	Leasehold improvements	Aircraft and transportation equipment (Note 13)	Gaming equipment	Office, furniture, fixtures and equipment	Network equipment	Condominium unit	Right-of-use asset - Office space (Note 18)	Total
At January 1, 2021									
Cost	814	1,395,571	284,648	931,030	912,454	348,951	7,147	1,086,570	4,967,185
Accumulated depreciation and amortization	-	(1,318,743)	(200,261)	(377,050)	(851,543)	(225,784)	(6,099)	(419,160)	(3,398,640)
Net carrying value	814	76,828	84,387	553,980	60,911	123,167	1,048	667,410	1,568,545
For the year ended December 31, 2021									
Opening net carrying value	814	76,828	84,387	553,980	60,911	123,167	1,048	667,410	1,568,545
Additions	-	9,403	-	1,021	1,136	-	-	94,240	105,800
Disposal									-
Cost	-	-	-	-	-	-	-	(179,110)	(179,110)
Accumulated depreciation and amortization	-	-	-	-	-	-	-	155,873	155,873
Reclassification									
Cost	-	-	(2,000)	(13,776)	-	-	-	-	(15,776)
Accumulated depreciation and amortization	-	-	1,300	-	-	-	-	-	1,300
Lease concession	-	-	-	-	-	-	-	(96,268)	(96,268)
Depreciation and amortization	-	(34,980)	(20,861)	(94,744)	(20,423)	(25,477)	(202)	(151,907)	(348,594)
Closing net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
At December 31, 2021									
Cost	814	1,404,974	282,648	918,275	913,590	348,951	7,147	1,001,700	4,878,099
Accumulated depreciation and amortization	-	(1,353,723)	(219,822)	(471,794)	(871,966)	(251,261)	(6,301)	(511,462)	(3,686,329)
Net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
For the year ended December 31, 2022									
Opening net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
Additions	-	18,682	6,252	14,597	93,708	-	-	124,369	257,608
Disposals									
Cost	-	(6,975)	(3,731)	-	(226)	-	-	(108,316)	(119,248)
Accumulated depreciation and amortization	-	6,975	3,683	-	226	-	-	108,316	119,200
Depreciation and amortization	-	(15,506)	(14,800)	(90,664)	(35,975)	(21,041)	(202)	(194,546)	(372,734)
Closing net carrying value	814	54,427	54,230	370,414	99,357	76,649	644	420,061	1,076,596
At December 31, 2022									
Cost	814	1,416,681	285,169	932,872	1,007,072	348,951	7,147	1,017,753	5,016,459
Accumulated depreciation and amortization	-	(1,362,254)	(230,939)	(562,458)	(907,715)	(272,302)	(6,503)	(597,692)	(3,939,863)
Net carrying value	814	54,427	54,230	370,414	99,357	76,649	644	420,061	1,076,596

In 2020, the Group entered into a Deed of Absolute Sale with Hashcloud, Inc. on the sale of its aircraft for $2,000, which resulted in a loss of P52,329. This was partially offset by the gain from the sale of several company cars amounting to P4,895. The total cost of the sold cars amounts to P5,270. The loss on sale of the property and equipment, net is presented as part of other expenses, net in the consolidated statements of total comprehensive income . As at December 31, 2022, the remaining receivable from the sale is collected in full (2021 - P7,667) (Note 2).

In 2022, the Group disposed certain items of its transportation equipment and recognized a loss amounting to P48. This is presented as part of the loss on disposal of property and equipment in the consolidated statements of total comprehensive income.

As at December 31, 2022 and 2021, there are no unpaid property and equipment additions.

Note 6 - Investment properties

Investment properties as at December 31 consist of:

	Land	Land improvements	Building	Total
January 1, 2021	10,383,686	16,097	224,560	10,624,343
Additions	4,697	-	-	4,697
Unrealized gains (loss) on changes in fair values	8,172	(2,720)	10,289	15,741
December 31, 2021	10,396,555	13,377	234,849	10,644,781
Unrealized gains (loss) on changes in fair values	306,740	(579)	(8,389)	297,772
December 31, 2022	10,703,295	12,798	226,460	10,942,553

For the year ended December 31, 2020, the Group recognized unrealized gain on fair value of investment properties amounting to P282,315.

The following table provides the fair value hierarchy of the Group's investment properties as at December 31:

	Fair value hierarchy	2022	2021
Land			
Boracay	Level 3	8,835,516	8,729,064
CSEZFP	Level 3	1,867,779	1,667,491
		10,703,295	10,396,555
Land improvements	Level 3	12,798	13,377
Building	Level 3	226,460	234,849
		10,942,553	10,644,781

The Group's investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers.

Valuation techniques and significant unobservable inputs.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Land - The fair values of the investment properties were arrived at using the market comparison approach for land in Cagayan and in Boracay.
- Land improvements and building - The fair value of the building in Sta. Cruz, Manila is valued using income approach was used for the rest of the land improvements and buildings.

Market approach is an approach that considers the value of the land based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The appraiser's comparison was premised on the factors of location, size and shape of the lot, time element, and others.

Income approach is an approach that provides an indication of value by converting future cash flow to a single current value. Under this approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by asset.

Cost approach is an approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser particularly used the reproduction cost (new) less depreciation. In the context of the valuation, the depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional, and economic obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available.

Amounts recognized in the consolidated statements of total comprehensive income for investment properties for the years ended December 31 are as follows:

	2022	2021	2020
Rental income from operating leases	43,974	45,824	28,488
Direct operating expenses that generated rental income	24,394	30,700	19,086
Direct operating expenses from property that did not generate rental income	7,887	13,361	15,226
Fair value gain	297,772	15,741	282,315

Rental income from investment properties is included under "Rent income" account in profit or loss. Direct costs attributable to rental income on investment properties arises from amortization, repairs and maintenance, real property tax and rent expense.

<u>Note 7 - Investments and advances, net</u>

Investments and advances as at December 31 consist of:

	Ref	2022	2021
Investment in associates and a joint venture, net	a	1,522,302	1,042,911
Advances, net	b	1,251,083	1,184,464
		2,773,385	2,227,375

a. Investments in associates and a joint venture

Investments in associates and joint venture as at December 31 is composed of:

	2022	2021
Investment in a joint venture	1,522,302	1,042,911
Investment in associates	21,400	21,400
	1,543,702	1,064,311
Less: Allowance for impairment	(21,400)	(21,400)
	1,522,302	1,042,911

Investment in a joint venture

Hotel Enterprises of the Philippines, Inc. (HEPI)

HEPI is a 51%-owned joint venture between DigiPlus and Eco Leisure. HEPI is engaged in the hotel and recreation business. The management, supervision and control of the operations, property and affairs of HEPI are vested in its BOD which consists of three (3) directors each from DigiPlus and Eco Leisure, and one (1) independent director nominated by both parties. Any decision is subject for approval of DigiPlus and Eco Leisure, and each party cannot direct decision on their own.

On March 10, 2016, the Amended Articles of Incorporation of HEPI amending Article II Primary Purpose, Article IV extending the term of the corporate existence of HEPI to another fifty (50) years from July 30, 2012.

There are no commitments and contingent liabilities recognized or expected to be recognized as at and for the year ended December 31, 2022 and 2021. HEPI's shares of stock are not quoted in an active market.

HEPI's principal place of business is at 2702 Roxas Boulevard, Pasay City.

In view of the continuing community quarantines and restricted travel in 2021 and 2020, HEPI has been affected by the lower number of guests and reduced room rates which significantly impacted the Group's share in net losses of HEPI. The Group determined this as an indicator of impairment and accordingly performed impairment assessment for its investment in HEPI. Based on the impairment assessment, the recoverable amount of the investment in HEPI exceeded its carrying amount, thus, no impairment loss was recognized.

Set out below is the summarized financial information of HEPI as at December 31, which, at the opinion of the management is material to the Company.

Summarized statements of financial position

	2022	2021
Current assets	845,073	824,326
Includes:		
- Cash	29,600	25,023
Noncurrent assets	4,242,230	3,945,358
Current liabilities	(1,259,938)	(1,064,731)
Includes:		
- Financial liabilities	(1,250,245)	(189,078)
Noncurrent liabilities	(842,458)	(935,584)
Includes:		
- Financial liabilities	-	(136,167)
Net assets	2,984,907	2,769,369

Summarized statements of total comprehensive income

	2022	2021
Revenues	239,235	123,198
Depreciation and amortization	(115,515)	(147,644)
Interest expense	(9,462)	(34,683)
Interest income	12	14
Income tax benefit	13,566	9,406
Loss for the year	(94,230)	(135,676)
Other comprehensive income for the year	309,768	-
Total comprehensive income for the year	215,537	(135,676)

Reconciliation of summarized financial information

	2022	2021
Net assets		
At January 1	2,769,369	2,905,045
Loss for the year	(94,230)	(135,676)
Other comprehensive income	309,768	-
At December 31	2,984,907	2,769,369
Group's share in %	51%	51%
Group share at January 1	1,042,911	1,097,613
Share in net loss for the year	(48,058)	(54,702)
Share in other comprehensive income for the year	527,449	-
Goodwill	-	-
Investment in joint venture	1,522,302	1,042,911

The Group's share in net loss of the joint venture for the year ended December 31, 2020 amounts to P102,440. There were no dividends received for the years ended December 31, 2022, 2021 and 2020.

In 2022, the Group changed its accounting policy for the subsequent measurement of the land presented as part of property and equipment in the statements of financial position from historical cost to fair value. As a result, in 2022, the Group started to recognize it's share in other comprehensive income resulting from the changes in fair value of the land presented in HEPI's financial statements as part of property and equipment.

Investment in associates

BLRI

BLRI is a 30%-owned associate of the Parent Company. BLRI was incorporated in the Philippines and is engaged in the hotel and recreation business. It started commercial operations in August 2003. BLRI is a company engaged in the business of leasing its gaming facilities to PAGCOR and its store and hotel facility to third parties.

The Group recognized its share in net loss of BLRI up to the extent of investment cost. Unrecognized accumulated equity in net loss of BLRI amounted to P20,621 as at December 31, 2022 (2021 -P23,424; 2020 - P26,410). The Group also recognized an allowance for the full amount of its investment in BLRI amounting to P21,200 as at December 31, 2022 and 2021.

Insular

Insular is a 40%-owned associate of ABLE. Insular was incorporated in the Philippines and is engaged in providing amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

In 2021, the Group recognized an allowance on the investment for the full amount of its investment in Insular amounting to P200.

b. Advances

Advances as at December 31 consist of:

	2022	2021
Advances to related parties		
HEPI	118,652	-
BLRI, net of current portion	69,127	67,733
Advances to third parties		
Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC)	1,026,039	1,026,371
Pacific Visionary International Marketing Corp.	94,140	94,140
Various landowners	35,570	35,570
Eco Leisure	26,136	26,136
AB Fiber Corp.	31,697	31,697
Others	584	48,123
	1,401,945	1,329,770
Less: Allowance for impairment	(150,862)	(145,306)
	1,251,083	1,184,464
Advances for projects	259,511	259,511
Less: Allowance for impairment	(259,511)	(259,511)
	-	-
	1,251,083	1,184,464

Advances to HEPI and BLRI

In 2022, the Group, through its Parent Company extended advances to HEPI amounting to P118,652 (2020 - nil). Advances to HEPI and BLRI pertain to cash advances made by the Group for working capital requirements.

In 2018, the Group, through its subsidiary, ABLE, and BLRI entered into a memorandum of agreement for the payment of latter's advances. The agreements provide for, among others, the commitment of BLRI to pay annually an amount of P18,000 from all rental payments received in a year, until the balance of the advances have been paid off.

Details and movements of the advances to BLRI for the years ended December 31 are as follows:

	2022	2021
January 1	107,811	124,262
Additional advances	111	548
Collections during the year	(20,795)	(16,999)
At December 31	87,127	107,811
Less: Current portion	(18,000)	(40,078)
Non-current portion	69,127	67,733

As at December 31, 2022 and 2021, allowance for ECL amounted to P22,078.

Advances to CPVDC and CLPDC

This account pertains to the noninterest-bearing advances made by LRLDI to CPVDC and CLPDC to finance the construction and development of the Cagayan Special Economic Zone and Freeport (CSEZFP) Airport in Cagayan. CPVDC is a joint venture formed by CLPDC and Cagayan Economic Zone Authority (CEZA). CPVDC and CLPDC are incorporated in the Philippines.

The agreement among LRLDI, CPVDC and CLPDC provides for the following terms and conditions:

a. LRLDI agrees to invest funds or make advances into the Lal-lo Airport Project of CPVDC through a convertible loan in favor of CLPDC of a maximum amount of P700,000. CPVDC shall only use the advances to finance its capital expenditures and working capital requirements related to the construction, development of the airport;

b. LRLDI shall have the right to convert, in whole or in part, the outstanding amount of the advances at the time of the conversion, into new, unissued common shares of CLPDC subject to mutually agreed conversion price per conversion share;

c. CLPDC acknowledges and agrees that the advances will be directly received by CPVDC; and

d. CLPDC shall execute a separate agreement with LRLDI which provides for the specific procedures and details of borrowing, execution of the conversion and or repayment.

The construction of the airport is in line with the Master Development Plan with CEZA within the CSEZFP. LRLDI and First Cagayan Leisure and Resort Corporation (FCLRC) have significant operations within the CSEZFP which will benefit from the construction of the airport.

The construction of the airport was completed in 2014 and was upgraded in 2017. Upon submission of all the requirements needed by the Civil Aviation Authority of the Philippines, the airport received its first commercial flight in March 2018.

As at December 31, 2022 and 2021, CLPDC and LRLDI have not executed the separate agreement mentioned above. The advances to CLPDC and CPVDC, including the land transferred to investment properties account and the land committed where the airport was built, is part of the investments committed in the Master Development Plan under the license agreement (Note 16).

Advances to Pacific

These are cash advances provided to Pacific for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR. The advances are unsecured and non-interest bearing which is due on or before December 31, 2024.

The advances to Eco Leisure were fully provided with a valuation allowance amounting to P94,140 as at December 31, 2022 and 2021.

Advances to various landowners

These are advance payments for parcels of land wherein the Group is in the process of acquiring.

Advances to AB Fiber Corp

On December 8, 2011, the Group entered into an agreement with AB Fiber Corp. for the subscription of 90,000 shares. Deposits for future stock subscriptions made by the Group amounted P9,000 as at December 31, 2022 and 2021.

Other advances to AB Fiber Corp. amounting to P22,697 as at December 31, 2022 and 2021 are non-interest bearing and unsecured and not expected to be settled with one year.

Advances to Eco Leisure

The advances are in relation to the joint venture agreement between Eco Leisure and DigiPlus. The advances are unsecured, noninterest-bearing and not expected to be settled with one year.

The advances to Eco Leisure were fully provided with a valuation allowance amounting to P26,136 as at December 31, 2022 and 2021.

Note 8 - Receivables, net of current portion

Receivable from TCAMI

On November 4, 2019, LRLDI entered in a Deed of Absolute sale with TCAMI for the sale of the LRLDI's 50% share in TechZone Philippines, Inc. for a total consideration of P1,750,000 of which P1,000,000 was paid in cash while the remaining balance of P750,000 is payable in 10 years with no interest. This transaction resulted in the derecognition of the Group's investment in TechZone and recognition of loss on sale of an investment amounting to P741,480 in the 2019 consolidated statement of total comprehensive income.

In 2019, the receivable from TCAMI of P700,000, net of current portion amounting P50,000, was discounted using risk free rate of 4.63% (Note 5).

The receivable from TCAMI presented in the statements of financial position, including the future value of the receivable as at December 31 are as follows:

	Note	2022	2021
Current	3	52,951	27,817
Non-current		425,308	452,053
		478,259	479,870
Future interest accretion		221,741	220,130
		700,000	700,000

Details and movements of the receivable for the years ended December 31 are as follows:

	2022	2021
January 1	479,870	531,507
Interest accretion	46,178	-
Collections during the year	(47,789)	(51,637)
At December 31	478,259	479,870

Note 9 - Financial assets at FVOCI

In 2014, the Parent Company acquired 1,093,000 shares of DFNN at a cost of P7,437.

On August 13, 2015, The Parent Company's advances to DFNN of P86,000 have been converted into 18,105,000 common shares of DFNN while the accumulated interest earned of P12,691, from date of Conversion Notice to the date of conversion, have been converted into 2,672,000 common shares of DFNN on October 30, 2015. The fair value of 18,105,000 and 2,672,000 common shares as at the date of conversion were P5.15 and P6.04 per share, respectively.

The conversion resulted in 8.76% equity ownership of the Parent Company over DFNN. As management does not intend to hold the investment for trading, the total converted amount of P78,513 as at December 31, 2022 (2021 – P53,582) has been classified as "financial assets at FVOCI" account in the consolidated statements of financial position.

As at December 31, the carrying value of the Group's FVOCI are as follows:

	2022	2021
Balance at beginning of year	53,582	112,631
Unrealized gain (loss)	24,931	(59,049)
Balance at end of year	78,513	53,582

The market prices of DFNN common shares as at December 31, 2022 is P3.59 (2021 - P2.45).

The accumulated fair value loss for the financial asset at FVOCI as at December 31, 2022 amounts to P27,614 (2020 - P52,546).

Note 10 - Goodwill

Goodwill from Group's business acquisitions are as follows:

	2022	2021
Cost		
Retail Group	1,472,129	1,472,129
Network and License Group	29,940	29,940
	1,502,069	1,502,069
Accumulated impairment loss	(172,977)	(172,977)
Balance at end of year	1,329,092	1,329,092

The goodwill from the acquisitions have been subjected to the annual impairment review in 2022 and 2021. The recoverable amounts of the operations is based on VIU calculation using the cash flow projections approved by management. The cash flow projections cover five (5) years from the date of impairment review.

The recoverable amount of goodwill from the acquisitions of the bingo units was determined based on VIU calculations using actual past results and observable market data such as growth rates, among others. The onset of the COVID-19 pandemic has heavily impacted the bingo operations of the Group.

The following are the key assumptions used by the management in the estimation of the recoverable amount:

Gross revenues

Gross revenues of the Group over the next five (5) years are projected to grow in line with the economy or with the nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective territories will be flat on the assumption that it will also grow at par with the economy.

The revenue growth rates used for the gross revenues are as follows:

	2022	2021
Retail Group	3.44%	3.12%
Network and License Group	3.44%	3.12%

Operating expenses

Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

Discount rate

Discount rates are derived from the Group's Weighted Average Cost of Capital (WACC) which is used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to various market information, including, but not limited to, five-year government bond yield, bank lending rates and market risk premium. The discount rates used are as follow:

	2022	2021
Retail Group	9.80%	9.19%
Network and License Group	9.80%	9.19%

Terminal growth rate

The long-term rate used to extrapolate the cash flow projections of the acquired investments beyond the period covered by the recent budget excludes expansions and possible acquisitions in the future. Management also recognizes the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management however, believes that new entrants will not have a significant adverse impact on the forecast included in the cash flow projections. The terminal growth rates used in the cash flow projections for all cash generating units are 3.07% in 2022 (2021 - 3.3%).

Note 11 - Other noncurrent assets

Other noncurrent assets as at December 31 are as follows:

	Notes	2022	2021
Rental deposits	18	454,558	435,822
Cash performance bonds	15	394,427	403,950
Advances to suppliers		77,012	-
Cash in bank - restricted	13	-	81,293
Premium on group pension plan		36,090	36,090
Performance cash deposits and betting credit funds		32,450	32,450
Input VAT		26,836	26,836
Airstrip improvements, net		21,722	24,815
Utility and construction bond		13,731	5,147
Others		20,489	20,374
		1,077,315	1,066,777

Cash performance bonds

Cash performance bonds pertain to surety bonds deposited with PAGCOR which are refundable at the end of the period covered by the License (Note 15).

Premium on group pension plan

The premium on group pension plan pertains to the insurance plan the Group entered into for its employees with the Parent Company and its subsidiary, ABLE, as the beneficiaries.

Airstrip improvements

Airstrip improvements pertain to the cost of improvements made by FCLRC for the airport constructed in Cagayan in coordination with LRLDI, CEZA, CPVDC and CLPDC (Note 7).

Details of the movements of the airstrip improvement for the year ended December 31 is as follows:

	2022	2021
Beginning	24,815	27,908
Depreciation	(3,093)	(3,093)
Closing net carrying value	21,722	24,815
Cost	103,100	103,100
Accumulated depreciation	(81,378)	(78,285)
	21,722	24,815

Performance cash deposits and Betting credit funds

PAGCOR granted Total Gamezone Xtreme Incorporated (TGXI) the privilege to establish, install, maintain, and operate PAGCOR eGames Station (PeGS). For each PeGS, TGXI has a performance cash deposits with PAGCOR amounting to P100 and maintains betting credit funds amounting to P100. Performance cash deposits and betting credit funds are posted through Philweb Corporation (Philweb).

Note 12 - Trade payables and other current liabilities

Trade payables and other current liabilities as at December 31 are as follows:

	Notes	2022	2021
Payable to:			
Suppliers		236,563	354,436
CEZA	16	9,311	206,137
PAGCOR	15	249,446	73,848
Government agencies		57,724	20,201
Contract liabilities	15	166,528	14,768
Jackpot liability		263,284	-
Rent payable		151,070	173,653
Finder’s fee		30,103	30,103
Provision for probable losses		18,803	-
Output VAT		83	447
Accrued expenses:			
Machine fees		509,620	198,232
Outside services		220,868	177,096
Dividends payable	14	175,387	175,387
Interest payable		162,596	96,577
Accrued marketing and advertising		105,056	-
Salaries, wages and benefits		33,267	23,955
Utilities		30,488	21,248
Professional fees		8,735	16,107
Customer deposit		3,503	6,833
Others		21,924	44,868
		2,454,359	1,633,896

Payable to suppliers pertains to various supplies expense in relation to the Company’s bingo operations. These are normally settled within one year.

Payable to PAGCOR includes franchise fees that are remitted on a weekly basis.

Payable to government agencies pertain to payments for final withholding taxes and other regulatory agencies that are expected to be settled with one year.

Contract liabilities relate to the player balances in the Group's online traditional bingo, electronic gaming system and live sports games.

Movements in contract liabilities for the years ended December 31 are as follows:

	2021	2020
As at January 1	14,768	28,843
Additions	6,088,022	7,620
Revenue recognized	(5,936,262)	(21,695)
As at December 31	166,528	14,768

Jackpot liability refers to the amount accrued for the jackpot price computed based on a certain percentage of total player deposits.

Rent payable pertains to the liabilities for leases that are classified as operating lease.

Finder's fee pertains to the amounts payable to professionals hired by the Group to aid in selecting investment properties and companies where the Group will invest in the future.

Accruals for machine fees pertain to the payable to machine owners for their share of the gross receipts from the e-bingo machines and platform, and are payable on a 30-day credit terms.

Provision for probable losses represents mainly estimated cost of future claims against the Group amounting to P18,803 which is presented as part of other expenses, net in the consolidated statements of total comprehensive income (2021 and 2020 - nil).

Customer deposits are security deposits received from the customers of First Cagayan Convergence Data Center Inc. (FCCDCI) and LR Data Center and Solutions Inc. (LRDCSI) to secure the service agreements as are refundable upon termination of the contracts. As at December 31, 2022, customer deposits aggregates to P85,019, of this amount, P81,516 relates to the non-current portion (2021 - aggregates to P95,306, P88,473 of which is non-current).

For the year ended December 31, 2022, the Group, reversed certain items of accounts payable that, based on management's assessment, are no longer outstanding from suppliers and vendors amounting to P42,940 (2021 and 2020 - nil) and recognized a gain on reversal of liabilities in the consolidated statements of total comprehensive income.

Note 13 - Loans payable

Short-term loans

Short term loans as at December 31 are as follows:

	Ref	2022	2021
Classic Finance (CFI)	a	116,739	146,500
Banco De Oro (BDO)	b	-	322,107
Asia United Bank (AUB)	c	-	139,000
United Coconut Planters Bank (UCPB)	d	-	450,000
		116,739	1,057,607

Movements of the short-term loans for the years ended December 31 are as follows:

	2022	2021
Balance at the beginning of the year	1,057,607	983,013
Additions	-	74,594
Payments	(940,868)	-
Balance at the end of the year	116,739	1,057,607

Interest expense and interest payments related to the loans for the year ended December 31, 2022 amounted to P50,890 (2021 - P61,934; 2020 - P61,597).

Long-term loans

Long term loans as at December 31 are as follows:

		2022		2021	
	Ref	Current portion	Non-current portion	Current portion	Non-current portion
BDO	e	2,250,000	-	-	2,250,000
Chip Leader	f	910,901	-	365,128	535,504
AUB	c, g	-	-	257,404	-
		3,160,901	-	622,532	2,785,504

Movements of the long-term loans for the years ended December 31 are as follows:

	2022	2021
Balance at the beginning of the year	3,408,036	3,147,745
Additions	-	355,980
Payments	(372,012)	(106,821)
Amortization of transaction cost	10,205	11,132
Impact of foreign currency translation	114,672	-
Balance at the end of the year	3,160,901	3,408,036

Interest expense related to the loans for the year ended December 31, 2022 amounted to P220,228 (2021 - P123,248; 2020 - P193,115).

a. In March 2020, LRLDI entered into a short-term loan agreement with a local finance company, CFI, for working capital requirements. The loan amounting to P70,000 is subject to an interest rate of 8% and shall be payable in one year. In consideration of the loan, LRLDI assigned its receivable due from TCAMI and pledged 20,777 shares of stock of DFNN, which is owned by the Parent Company, for a total amount of P112,631.

   In 2021, prior to the maturity of the loan, CFI granted LRLDI a twelve-month extension and LRLDI obtained an additional loan amounting to P76,500 with an interest rate of 8% and maturity date of one year.

   In 2022, CFI further granted LRLDI with a twelve-month extension for the two loans which are maturing in March 2023.

b. ABLE entered into short-term loan agreements with BDO with an original maturity date of January 2021. The loans have interest rates ranging from 5.00% to 5.25%. The short-term loans are secured by the Parent Company's shares of stock that is owned by an individual stockholder. As at December 31, 2021, the carrying amount of the Parent Company's shares of stock held by an individual stockholder used as collateral for the loan from BDO amounted to P67,458.

In 2021, ABLE secured an extension from the bank which extended the maturity date of the loan to January 2022. As at December 31, 2022, the loan was paid in full.

c. In 2015, the Parent Company entered into a term-loan facility with AUB amounting to P650,000 to facilitate the financing of the acquisition of TGXI. The loan facility is composed of long term and short-term loans. The loan is payable in 60 equal consecutive monthly installments on its respective repayment dates beginning June 12, 2015 until May 12, 2020. Annual interest rate is approximately 6.18%. On February 1, 2019, the Parent Company entered into a Restructuring Agreement with AUB to extend the maturity period of its long-term loan to 2021 and interest rate.

   The loan is secured by a chattel mortgage over DigiPlus' shares of stocks held by ABLE and stockholders. As a part of the loan agreement with AUB, the Group is required to comply with affirmative financial ratios such as debt-to-equity and debt service coverage ratio. In 2020, The Group breached the required debt service coverage ratio and management consequently presented the loan as current liability in the statements of financial position.

   On May 30, 2021, the Group restructured the loan agreement with an interest rate of 6.58% and extended maturity date to November 2022. The group settled the short-term loan balance of P139,000 and the long term loan balance of P67,080 in 2022.

d. ABLE entered into short-term loan agreement with UCPB with an original maturity date of January 2021. The loan is unsecured and is interest bearing with interest rate ranging from 6.70% to 7.00%. In 2021, ABLE secured an extension from the bank which extended the maturity date of the loan to January 2022. The group paid the loan in full in 2022.

e. On November 29, 2017, ABLGI executed an Omnibus Loan and Security Agreement (OLSA) with BDO to partially finance the equity investment which GL-JV has undertaken to use for the purpose of acquiring land in Boracay. The loan amounted to P2,500,000, which is payable in full on the final repayment date in November 2022. Interest rate approximates 5.66% per annum and is subject to change depending on the higher of (a) three (3) month Philippine Dealing System Treasury Reference Rate (PDST-R2) plus applicable spread of 2.5% divided by 0.95 or (b) 28- day Time Deposit Facility Rate plus applicable spread of 1% divided by 0.95. Interest is payable on a quarterly basis.

   Among the provisions of the agreement, ABLGI is mandated to establish two bank accounts, a DSRA and a Debt Service Payment Account (DSPA). Both accounts are to be maintained at a certain level of funding to facilitate ABLGI's loan and interest payments to BDO.

   In the event that funding in the DSPA is insufficient to cover payments of interest, BDO is authorized to directly debit the DSRA to maintain the required funding level. ABLGI is required to pay a front-end fee equivalent to zero-point seventy-five percent (0.75%) of the total amount of loan. Transaction costs that are directly attributable on the issuance of loan amounted to P44,025 which were amortized over the life of the loan.

   As at December 31, the unamortized amount of transaction costs are as follows:

	Note	2022	2021
Balance at beginning of year		10,205	21,337
Amortization	20	(10,205)	(11,132)
Balance at end of year		-	10,205

   Amortization of transaction costs is recognized under finance expense in the consolidated statement of total comprehensive income (Note 20).

In consideration of the commitment of BDO to fund the ABLGI's equity investment, ABLGI, GL-JV, ABLAHI and ABLHPC has assigned to BDO its respective rights, titles and interest to all monies standing in the DSRA and DSPA, and other bank accounts created for this particular purpose, project receivables (collectively termed as "Assigned Collaterals"), as well as the proceeds, products, fruits of the aforementioned Assigned Collaterals. The Group has classified its cash included under the DSRA and DSPA as "Cash in bank - restricted" account under other current assets in the consolidated statements of financial position amounting to P42,245 (2021 - P81,293 presented as other non-current assets) (Notes 4 and 11).

As part of the loan agreement with BDO, ABLGI is required to comply with affirmative financial ratios of debt-to-equity ratio of 2:1. ABLGI is in compliance with the debt-to-equity covenant as at December 31, 2022 and 2021.

In addition, the loan is guaranteed by the following entities, GL-JV, ABLAHI, ABLHPC, Parent Company, ABLE, TGXI, PIKI, BCGLC and FCLRC.

The loan is likewise secured by project agreements, chattels and real assets owned by either one of the parties to the agreement. Mortgaged properties and mortgaged shares are as follows:

Mortgaged property	Note	Carrying amount
Land	6	8,835,516
Building		142,063

Mortgaged shares	Shareholder	No of shares	Carrying amount
TGXI	Parent Company	930	93,000

On December 3, 2020, BDO granted an extension period of 60 days on the maturity date of the loan under the "Bayanihan to Recover As One Act". As a result, the Group was able to secure an extension of the loan maturity to January 30, 2023. The Group subsequently paid the loan balance in full in January 2023.

f. In February 2020, LRLDI entered into a loan agreement with Chip Leader Holdings Corporation (CLHC) to finance its operational and capital expenses. The loan amounting to US$10,000,000 or P480,230 shall be payable in March 2023. Annual interest rate is at 12% subject to change depending on the prevailing financial and monetary conditions.

   The loan is secured by land owned by LRLDI located in Cagayan with fair value as at December 31, 2022 amounting to P1,572,885 (2021 - P1,070,400).

   In 2021, CLHC provided LRLDI an extension for the first principal payment for an additional twelve months from its original due date of March 1, 2021. On June 1, 2021, CLHC extended an additional loan to the Company amounting to US$6,320,000 or P355,980 with annual interest rate of 10% on the unpaid principal amount and with maturity date same as the original loan. The additional loan is secured by the above-mentioned properties owned by the LRLDI.

g. In December 2017, BCGLC obtained a long-term loan facility from AUB to partially finance its capital expenditures and to pay advances from related parties used for expansion projects. The maximum loanable amount is P500,000 available in lump sum or staggered releases. The loan is payable in thirty-six (36) equal monthly payments based on initial drawdown. Annual interest rate is the higher of (a) the sum of one-year PDST-R2 plus a spread of 3.0% or (b) 5.875% floor rate, subject to annual repricing. Interest is payable monthly based on the carrying amount of the loan. The loan is secured by (a) Comprehensive Surety Agreement by the Parent Company, (b) 60% ownership in BCGLC's shares of stocks, and (c) Assignment of accounts wherein BCGLC is mandated to establish two bank accounts, Revenues, Proceeds, and Disbursement Account (RPDA) and DSRA. The RPDA is established to accommodate the revenues, proceeds and disbursement related to the loan availed. The DSRA is to be maintained at a certain level of funding equivalent to one (1) month of amortization. BCGLC has no financial covenants to maintain. Initial drawdown was made in December 2017 amounting to P350,000. Additional drawdown with the remaining loanable amounting to ₱150,000 was made in April 2018.

On February 1, 2019, the BCGLGC entered into restructuring agreement with AUB for the extension of the maturity period of the loans subject to amendment of the terms of principal repayment an interest payment, which will be repaid quarterly.

On May 27, 2021, management obtained the approval of AUB for the restructuring of the loan agreement which modifies the principal installment payments to have a balloon payment upon maturity but retains the original maturity dates.

As at December 31, 2021, the cash in the DSRA is classified as "Cash in bank - restricted" account under other noncurrent assets in the consolidated statements of financial position amounted to P16,759 (Note 11).

In 2022, BCGLC paid the loan balance as at December 31, 2021 of P190,324 in full.

Note 14 - Equity

Equity as at December 31 is as follows:

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
Capital Stock				
Authorized:				
Common shares - P1 par value	5,000,000	5,000,000,000	2,500,000	2,500,000,000
Balance at beginning of year	2,444,107	2,444,106,666	2,417,500	2,417,500,000
Issued during the year	-	-	26,607	26,606,667
Conversion of preferred shares to common shares	1,650,000	1,650,000,000	-	-
Balance at end of year	4,094,107	4,094,106,666	2,444,107	2,444,106,667

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
Authorized:				
Preferred shares - P1 par value	-	-	2,500,000,000	2,500,000,000
Balance at beginning of year	1,650,000	1,650,000,000	1,650,000,000	1,650,000,000
Conversion of preferred shares to common shares	(1,650,000)	(1,650,000,000)	-	-
Balance at end of year	-	-	1,650,000,000	1,650,000,000

Capital Stock

Pursuant to the registration statement rendered effective by the SEC on February 6, 1958 and permit to sell issued by the SEC dated February 6, 1958 - 15,000 common shares of the Parent Company were registered and may be offered for sale at an offer price of P1.33 per common share.

On June 18, 2013, the SEC approved the increase in the Parent Company's authorized capital stock from P1,600,000 to P5,000,000 divided into 2,500,000 common shares and 2,500,000 preferred shares with each class having a par value of P1 per share. The preferred shares may be issued in tranches or series and shall be non-voting, non-participating, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications as may be fixed by the BOD at their issuance.

The preferred shares have a coupon rate of 8.5% per annum and are paid semi-annually. These preferred shares are cumulative, non-voting and non-participating. Twenty (20) preferred shares will entitle each investor to one warrant. Each warrant, if exercised at a price of P15 or the average weighted trading price for the three months prior (whichever is lower) will be converted to one common share. This option will be exercisable starting on the fifth year until the eighth year.

On January 11, 2019, the Parent Company's BOD and stockholders approved the issuance of up to 1,300,147 common shares from the unissued capital stock through a private placement at a price based on a premium over the DigiPlus' shares closing price on November 29, 2018.

In March and April 2019, 1,217,647 common shares were subscribed at P3.60 per share by virtue of the subscription agreements entered into by the Parent Company with its investors. Transactions costs related to the share issuance amounting to P16,604 are recognized as deduction to additional paid-in capital.

On June 15, 2021 and July 30, 2021, the BOD and stockholders of Parent Company respectively approved the reclassification of DigiPlus' 1.5 million preferred shares into common shares. On May 20, 2022, the SEC approved the amendment of the Articles of Incorporation reflecting this reclassification. On November 22, 2021 and January 7, 2022, the BOD and stockholders respectively approved the reclassification of the remaining 1.0 billion preferred shares into common shares. On May 26, 2022, the SEC approved the amendment of the Articles of Incorporation reflecting this further reclassification.

On March 7, 2022, the BOD approved and authorized the issuance of 1,272,352,512 common shares at an issue price of P1.65 per share to various subscribers. Pursuant to the Subscription Agreements, the payment of the subscription price to DigiPlus shall be fully paid by the subscribers within 90 days from signing of their respective Subscription Agreements, which will fall on June 9, 2022. On May 10, 2022, the Board approved the extension of the deadline to pay up to August 9, 2022. On August 8, 2022, the Parent Company received the full payment of the subscription amount from all the private placement subscribers. The 1,272,352,512 subscribed shares were issued from the 1,650,000,000 treasury shares. Transaction costs related to share issuances amounting to P12,723 are recognized as deduction to additional paid-in capital.

On September 15, 2022, the BOD of the Parent Company approved the increase of the Company's authorized capital stock from P5 billion to P7 billion. On November 24, 2022, the amendment was approved by the stockholders. As of reporting date, the Group is yet to file the application for the increase in authorized capital stock with the Philippine SEC.

As of December 31, 2022 and 2021, the Parent Company has 1,821 common stockholders.

Warrants

On June 10, 2013, the BOD of the Parent Company approved the listing of 1,650,000 newly issued preferred shares and 82,500,000 warrants. The said listing was completed in December 2013.

On December 5, 2013, the BOD approved to change the expiry date of the warrants issued by the Parent Company to September 2021.

In September 2021, 26,606,666 warrants were exercised and converted into shares for an exercise price of P1.503 per share, which is the weighted average trading price for three (3) months prior to the exercise date with a 10% discount. Consequently, common shares with par value aggregating to P26,607 were issued for the exercised warrants resulting in additional paid-in capital of P13,383.

The remaining 55,893,334 warrants which were not exercised in September 2021 are deemed expired and are no longer exercisable.

On January 31, 2020, the Parent Company redeemed all of its 1,650,000 preferred shares at P1.00 per share. The redeemed preferred shares are not cancelled, thus, accounted and presented as treasury shares in the consolidated statements of changes in equity.

Declaration of cash dividends

There were no cash dividends declared by the BOD to common stockholders of the Parent Company in 2022 and 2021.

As at December 31, 2022 and 2021, unpaid dividends, included under "Trade and other payables" account in the consolidated statements of financial position, amounted to P175,387 (Note 12).

Treasury Shares

Details of treasury shares are as follows:

	Parent Company Treasury Shares		Parent Company Shares held by ABLE	
Number of shares	2022	2021	2022	2021
Balance at beginning of year	1,650,000,000	1,650,000,000	21,567,000	21,567,000
Issuance of shares	(1,272,353,512)	-	-	-
Balance at end of year	377,646,488	1,650,000,000	21,567,000	21,567,000

Amount	2022	2021	2022	2021
Balance at beginning of year	1,650,000	1,650,000	53,951	53,951
Issuance of shares	(1,272,353)	-	-	-
Balance at end of year	377,647	1,650,000	53,951	53,951

Deposits for future stock subscriptions

On November 25, 2021, The Parent Company and Catchy Solutions Ltd. entered into an agreement for the subscription to 225,000,000 common shares of stock of the Parent Company in the amount of P371.3 million where in payments were received as at December 31, 2021. Pending submission of the application for the increase in authorized capital stock with the SEC as at December 31, 2021, such subscription payments were presented as "Deposits for future stock subscriptions" in the 2021 consolidated statement of financial position.

On August 8, 2022, upon receipt of all subscription payments, the Parent Company issued all subscribed shares to subscribers. The Parent Company reissued the treasury shares as a result of this transaction.

Earnings (loss) per share

Basic earnings (loss) per share is computed as follows:

	2022	2021	2020
Net income (loss) attributable to equity holders of the Parent Company	600,705	(828,435)	(1,298,291)
Adjusted weighted average number of shares outstanding (b)	2,953,048	2,426,369	2,417,500
Basic earnings (loss) per share (a/b)	0.2034	(0.3414)	(0.5370)

Diluted earnings (loss) per share is computed as follows:

	2022	2021	2020
Net income (loss) attributable to ordinary stockholders of the parent Company (a)	600,705	(828,435)	(1,298,291)
Adjusted weighted average number of shares outstanding (b)	2,953,048	2,426,369	2,417,500
Effect of dilutive potential common shares* (c)	-	-	80,675
Adjusted weighted average number of shares outstanding (d=b+c)	2,953,048	2,426,369	2,498,175
Diluted earnings (loss) per share (a/d)	0.2034	(0.3414)	(0.5370)

The 2020 diluted loss per share is adjusted for the convertible warrants. The effect of the warrants is antidilutive.

Subsequent event

On January 31, 2023, the BOD of the Parent Company approved the employee stock options plan of the Group. On March 27, 2023, the same was approved by the stockholders.

Note 15 - Gaming licenses to operate bingo games

Revenue from retail games for the years ended December 31 are as follows:

	2022	2021	2020
Bingo games	6,292,695	1,879,880	2,262,183
Electronic games	1,833,427	7,620	-
	8,126,122	1,887,500	2,262,183

a. Bingo games

Revenue from Bingo games is composed of revenue from the online traditional bingo, traditional bingo games, electronic bingo games and new rapid bingo system.

Bingo Plus

DigiPlus is granted the country's first Online Traditional Bingo (OTB) license by PAGCOR under its subsidiary, AB Leisure Exponent Inc. (ABLE) and launched its OTB game under the gaming brand "BingoPlus". Bingo Plus was developed by a third party service provider. This innovative game transforms the way traditional bingo is played by combining the excitement of the old and the convenience of new technology via online platforms. BingoPlus can be accessed via website and mobile application.

ABLE remits to PAGCOR its share of 15% on Gross Gaming Revenue (GGR), where GGR is equal to Gross Bets less Total Payouts, or a monthly Minimum Guaranteed Fee (MGF) of P100 million, whichever is higher, including the 5% franchise tax on PAGCOR share. In addition, the cost for services of PAGCOR's Third Party Audit Provider equivalent to 10% of the PAGCOR share net of franchise tax is also remitted by the gaming operator to PAGCOR.

Operation of traditional bingo games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct traditional bingo games, as well as the betting aspect thereof, within the confines of the game sites. The Licenses for various periods ranging from September 2020 to September 2023 are subject to renewal after one (1) to two (2) years upon mutual agreement of both parties.

ABLE and its subsidiaries pay PAGCOR 15% of its gross bingo card sales as franchise fee.

As at December 31, 2022, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totaling P44,250, to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

Operation of electronic bingo games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct electronic bingo games, as well as the betting aspect thereof, within the confines of the game sites. The Licenses for various periods ranging from February 2017 to December 2023 are subject to renewal after one (1) to two (2) years upon mutual agreement of both parties.

ABLE and its subsidiaries pay PAGCOR 50% of its revenue less payouts as franchise fee.

As at December 31, 2022, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totaling P349,277 (2021 - P358,800), to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

Operation of New Rapid Bingo System (NRBS)

On September 27, 2005, PAGCOR granted ABLE the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of NRBS operations and the use of the prescribed NRBS card format. ABLE pays PAGCOR 15% of its gross sales (total amount wagered or bets) from the NRBS operations, which shall be remitted twice weekly.

As at December 31, 2022, ABLE deposited cash performance bonds amounting to P900, with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

Distribution and sale of pull-tabs or break-open cards

On August 3, 2005, PAGCOR granted ABLE the authority to distribute and sell pull-tabs or break-open cards in all of the branches of ABLE and its subsidiaries. In consideration of the Grant, ABLE shall pay PAGCOR 15% of gross card price which shall be remitted to PAGCOR by ABLE upon draw-down of cards from the supplier, regardless of quantity of cards sold.

Franchise fees included in "Franchise fees and taxes" account in the consolidated statement of total comprehensive income amounted to P3,438,210 in 2022 (2021 - P1,300,792; 2020 - P1,527,622).

b. Electronic games

PAGCOR awarded DigiPlus the authority to operate and conduct electronic games, as well as the sports betting aspect thereof. The Licenses for various periods ranging from December 2017 to August 2023 are subject to renewal after one (1) to (2) two years upon mutual agreement of both parties.

Franchise fees included in “Franchise fees and taxes” account in the consolidated statement of total comprehensive income amounted to P1,147,689 in 2022 (2021 – P3,619; 2020 - nil).

The Group pays PAGCOR 25%-47.5% of its revenue as franchise fee.

Note 16 - License agreement

CEZA is authorized under Section 6f of R.A 7922, “An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan, Providing Funds Therefore, and for Other Purposes”, to operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements, recreational and sport facilities, such as horse racing, gambling casinos, golf courses, and others, under priorities and standards set by CEZA in CSEZFP.

On February 2, 2001, FCLRC and CEZA entered into a license agreement authorizing FCLRC to set up a network operation/hub with its internet server including web sites, gaming software, application programs, administrative software, hardware, internet, as well as telecommunication connections, collection and payment system and toll-free telephone operations, all in connection with the development, operation and conduct of internet and gaming enterprises and facilities in CSEZFP. In line with this mandate, FCLRC was also authorized and licensed to conduct interactive games as defined in the license agreement.

Subsequent to the signing of the license agreement, FCLRC and CEZA signed a supplemental agreement which provides for the following:

1. Appointment of FCLRC as Master Licensor for internet gaming activities and shall be responsible for monitoring all activities pertaining to the licensing and operation of interactive games in CSEZFP;

2. FCLRC is authorized to assist CEZA in its functions as a regulator for interactive gaming activities on behalf of CEZA in accordance with Part 5 of CSEZFP Interactive Gaming Rules and Regulations;

3. The authorization of FCLRC as Master Licensor shall be exclusive for twenty-five years starting from November 7, 2006 or until 2031;

4. FCLRC is authorized to collect a sub-license fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. Also, FCLRC is authorized to collect from sub-licenses an annual fixed amount for the first year of operations and thereafter, from sportsbook operators. The amount collected from sublicences is recognized by FCLRC as unearned fees and recognize the revenue over time upon provision of the access to the hosting platform. Unearned fees included under “Trade and other payables” account in the consolidated statements of financial position amounted to P13,520 as at December 31, 2022 (2021 - P14,768); and

5. FCLRC must pay CEZA, on a monthly basis to commence upon the start of actual operations of FCLRC, an amount equivalent to one percent (1%) of the monthly gross winnings payable not later than the seventh (7th) day of the subsequent month. Starting on the sixth (6th) year after the start of FCLRC’s operation, FCLRC shall pay a minimum guaranteed amount of $250. Unpaid CEZA fees are charged with interest of 12% per annum. CEZA fees included in “Franchise fees and taxes” account in the profit or loss amounted to P101,569 in 2022 (2021 - P142,345; 2020 - P174,156).

FCLRC is entitled to tax incentives under Section 4c of RA No. 7922 (CEZA law). No taxes, local, and national, shall be imposed on business establishments operating within the CSEZFP. In lieu of paying taxes, FCLRC shall pay and remit to the national government and local government units five percent (5%) of locators’ gross income less allowable deductions. FCLRC’s gross income tax amounted to P4,166 in 2022 (2021 - P6,657; 2020 - P8,852) (Note 22).

FCLRC proposed a Master Development Plan in keeping its authority under the license agreement. The Master Development Plan proposed by FCLRC will accordingly create a self-sustaining industrial zone and mixed-use new township in the CSEZFP with tourism and leisure as the lead sector to be developed. The Master Development Plan envisaged by FCLRC shall comprise of the three (3) phases with time frame of completion as follows:

- Phase I supposedly completed in 2009 after authorization of the CEZA BOD which includes telecommunication connectivity via microwave radio; upgrading of the existing internet data center; conversion of the CEZA Complex into a gaming facility; upgrading of the San Vicente Naval Airport; and Construction of a new CEZA Administration Office. Phase 1 was completed in January 2011.

  In August 2007, FCLRC and CEZA entered into an agreement with A.G. Pazon & Associates and CAMJ Construction Corporation, both third parties, to start the development of the Cagayan Business Park (CBP), part of Phase I of the Master Development Plan. The proposed CBP has a total lot area development of 90,005 square meters. The site development plan includes the construction of buildings with a total floor area of 2,400 square meters. The project also includes the construction of an administration building, commercial center, cable center, sub-station and parking spaces. It also includes the installation of an underground power/communication cabling system and an overhead water tank. The development of the CBP was completed in January 2011.

  Another infrastructure required in Phase I of the Master Development Plan is the rehabilitation of the San Vicente Naval Airport (the Airport). On September 1, 2006, FCLRC entered into a contract for the airstrip rehabilitation with the same contractors for the CBP to undertake the expansion, paving and overlaying of the runway of the airport and the provision of basic airport amenities. The rehabilitation of the San Vicente Naval Airport was completed on December 8, 2006.
  As an initial project to establish the internet and telecommunication infrastructure, FCLRC entered into an Agreement with IPCDCC on March 1, 2007, incorporating FCCDCI. The parties shall infuse the necessary capital to fund the required infrastructure requirements of the Master Development Plan.

- Phase II shall be completed after three (3) years of completion of Phase I and shall include the telecommunication connectivity via fiber optic; redundant telecommunication connectivity; and construction of a leisure and resort complex.

- Phase III shall be completed three (3) years after completion of Phase II and shall include the implementation of the Comprehensive Feasibility Study that will provide a complete telecommunication infrastructure for the whole of the CSEZFP; and development of a beach front property into a leisure and gaming facility.

On September 15, 2006, the parties have extended the term of the license agreement from two (2) years to twenty-five (25) years from the date of approval by the CEZA BOD of the Master Development Plan. The 25 years extension of the authority of FCLRC as Master Licensor commenced on November 7, 2006 and will end on November 7, 2031.

On December 11, 2008 the parties have agreed to extend the deadline of FCLRC's payment of CEZA's share on the sub-licensee fee from "7th day of the following month" to "27th day of the following month", and to reduce the interest rate for the delay in remittance of the said CEZA's share from 18% to 12% per annum.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following:

- CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming;

- CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements;
- To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; and
- All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

FCCDCI and LRDCSI provide advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually, and require a security deposit equivalent to one to two months of current service or recurring fees. The security deposit is forfeited in favor of FCCDCI and LRDCSI in the event the customer pre-terminates the agreement without cause or when FCCDCI and LRDCSI exercise its right to terminate the agreement.

For the year ended December 31, 2022, the Group recognized revenue related to service and hosting fees in Cagayan amounting to P351,793 (2021 - P544,381; 2020 - P800,450).

Note 17 - Costs and operating expenses

Cost and operating expenses for the years ended December 31 consist of:

	Notes	2022	2021	2020
Franchise fees and taxes	15	4,707,648	1,446,057	1,907,708
Advertising and promotion		951,863	39,168	111,022
Outside services		718,192	180,426	274,585
Salaries and other benefits		508,281	372,581	350,454
Depreciation and amortization	5,11	375,827	351,687	534,290
Rent	18	287,203	135,851	150,740
Communications and utilities		273,675	162,029	161,790
Bandwidth and co-location costs		94,556	252,754	358,731
Repairs and maintenance		70,540	53,046	36,667
Professional and directors' fees		68,404	64,936	37,848
Taxes and licenses		66,501	109,812	128,228
Transportation and travel		18,579	5,967	12,029
Others		133,022	64,187	149,204
		8,274,291	3,238,501	4,213,296

Salaries and other benefits

The details of salaries and other benefits for the years ended December 31 are as follows:

	Note	2022	2021	2020
Salaries and wages		500,218	311,434	322,556
Bonuses and allowance		35,424	1,261	-
Government-mandated employee benefits		26,374	15,203	26,375
Defined benefit retirement expense income	19	(81,333)	21,630	(15,575)
Insurance		9,005	9,333	8,909
Others		18,593	13,720	8,189
		508,281	372,581	350,454

Note 18 - Lease agreements / right-of-use assets and lease liabilities

Group as a Lessee

The Group has lease contracts for various site spaces for its operations. Leases of sites generally have lease terms between 1 and 25 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of site spaces with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statements of total comprehensive of income for the years ended December 31:

	Notes	2022	2021	2020
Depreciation and amortization expense of right-of-use assets included in property and equipment	5	194,546	177,300	220,332
Expenses relating to short-term leases		232,049	119,626	132,737
Interest expense on lease liabilities	20	95,989	39,349	49,153
Expenses relating to leases of low-value assets		55,154	16,225	18,003
Total amount recognized in the consolidated statement of total comprehensive income		577,738	352,500	420,225

Total cash outflow related to short-term and low value leases for the year ended December 31, 2022 amounted to P254,632 (2021 - P78,782).

Total cash outflows related to lease liabilities for the year ended December 31, 2022 amounted to P241,806 (2021 - P200,507).

The movements of right-of-use assets, presented under "property and equipment" account in the consolidated statements of financial position and in Note 5, for the years ended December 31 is as follows:

	2022	2021
Cost		
Balance at beginning of year	1,001,700	1,086,570
Additions	124,369	94,240
Expired leases	(108,316)	(179,110)
Balance at end of year	1,017,753	1,001,700
Accumulated amortization		
Balance at beginning of year	511,462	419,160
Amortization	194,546	151,907
Lease concession	-	96,268
Expired leases	(108,316)	(155,873)
Balance at end of year	597,692	511,462
Net book value	420,061	490,238

Expired leases pertain to the lease contracts wherein the right-of-use assets are already fully amortized, and the related lease liability is already fully paid as at and for the years ended December 31, 2022 and 2021.

The movements of lease liabilities for the years ended December 31 is as follows:

	Note	2022	2021
Balance at beginning of year		651,912	815,842
Additions		124,369	94,240
Interest expense	20	95,989	38,604
Payments		(241,807)	(200,506)
Gain on lease concession		-	(96,268)
Balance at end of year		630,463	651,912
Current portion of lease liabilities		260,511	214,983
Lease liabilities, net of current portion		369,952	436,929

i. ABLE Group entered into several lease agreements for office space, warehouse and spaces where ABLE Group's sites conduct their bingo operations. The term of the lease agreements with various lessors varies from two (2) to three (3) years with escalation clauses ranging from 3% to 5%. The lease amounts are computed based on certain percentages of gross revenues or on a fixed rate per square meter which are generally determined on an annual basis.

ii. FCLRC entered into 25-year lease agreements with the Municipality of Sta. Ana, Cagayan up to December 7, 2031, and with CEZA up to June 30, 2031, respectively, or until FCLRC serves as its Master Licensor. The lease amounts are computed on a fixed rate per square meter subject to 5% escalation every three years. FCLRC also entered into another lease contract for staff houses with a term of one (1) year. The lease amounts are generally determined on an annual basis.

iii. BCGLC Group entered into various lease agreements for its PAGCOR VIP Clubs where it conducts its operations. The lease agreements are renewable by mutual agreement of both parties generally under same terms and conditions. The lease period ranges from three (3) to ten (10) years with annual escalation clauses ranging from 5% to 11%.

iv. DigiPlus entered into several lease agreements for its office spaces. The term of the lease agreements with various lessors varies from three (3) to five (5) years with escalation ranging from 3% to 5%. The lease amounts are computed on a fixed rate per square meter which are generally determined on an annual basis.

v. TGXI entered into several lease agreements for the PeGS' locations and office space renewable by mutual agreement of both parties generally under the same terms and conditions. The lease period ranges from one (1) to five (5) years with annual escalation clauses ranging from 3% to 10%.

vi. ABLGI entered into a 25-year lease agreement for a parcel of land in Sta. Cruz, Manila from January 1, 2015 to December 31, 2040. The lease amount is computed on a fixed rate per square meter subject to 5% escalation every two (2) years.

The lease agreements are non-cancellable and provide for, among others, rental deposits which are refundable upon termination of the lease. The rental deposits recognized in the consolidated statements of financial position as at December 31, 2022 amounted to P454,558 (2021 - P435,822) (Note 11).

Rent expense in 2022 amounting to P287,203 (2021 - P135,851; 2020 - P150,740), pertains to the expense from short-term and low value leases.

In 2020, the Group entered into several rent concessions and adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2020. The impact of rent concessions amounting to P79,452 was presented in the consolidated statement of total comprehensive income as reduction in amortization expense recorded under "Cost and operating expenses".

In 2021, some of the Group's lessors provided additional rent concession in the form of lower monthly lease rates and waivers of certain months due to continuous impact of COVID-19 outbreak. The impact of rent concessions amounting to P96,268 were presented in the consolidated statements of total comprehensive income as reduction in amortization expense under "Cost and operating expenses".

Maturity analysis of the undiscounted lease payments are as follows:

	2022	2021
Within one year	257,474	250,745
Between one and five years	266,598	448,815
More than five years	219,614	17,954
	743,686	717,514

Group as lessor (finance leases)

FCLRC subleases its lease contracts for land properties within Municipality of Sta. Ana, Cagayan and CEZA to locators under two (2) 9-year sublease agreements which commenced in January 2020.

For the year ended December 31, 2022, the Group recognized revenue from finance leases amounting to P215,684 (2021 – P1,411; 2020 – P1,564).

The movements of lease receivables for the years ended December 31 is as follows:

	2022	2021
Balance at beginning of year	18,231	20,419
Finance lease income	215,684	1,411
Collections	(26,373)	(3,599)
Balance at end of year	207,542	18,231
Current portion of lease receivable	64,618	2,353
Lease receivable, net of current portion	142,924	15,878

Minimum lease receivables as at December 31 are as follows:

	2022	2021
Within one year	25,005	51,637
Between one and five years	113,162	126,880
More than five years	65,422	113,668
	203,589	292,185

Group as lessor (operating leases)

a. As an authorized representative of Munich Management Limited, a foreign corporation duly organized and registered in British Virgin Islands, BCGLC entered into an agreement with the PAGCOR for the sublease of the slot machines owned by Entertainment Gaming (Philippines), Inc., including the proprietary system of linking and networking of individual units of slot machine within the PAGCOR Club - Leisure World Bacolor located at King's Royal Hotel and Leisure Park, Bacolor, Pampanga. The lease is for the period of three (3) years until June 30, 2016. The Company renewed the lease contract with PAGCOR until December 31, 2017. In November 2017, the lease contract was renewed until June 30, 2023 or upon exhaustion of the contract amount based on the income sharing scheme, whichever comes first.

   As a consideration, PAGCOR shall pay BCGLC monthly rent equivalent to a percentage of the slot machines' gross revenues after deducting the players' winnings/prizes and related taxes thereof.

b. LRLDI leases its investment properties under non-cancellable operating lease agreements. The leases are for a period ranging from two (2) to five (5) years with escalation rate ranging from 5% to 10%.

c. ABLGI leases its investment property for a period of twenty (20) years until December 31, 2034 with escalation rate of 3% every three years. The lessee may pre-terminate the lease agreement without obligation to pay termination costs.

In 2019, upon adoption of PFRS 16 for FCLRC and inception of the sublease contract for LRLDI, these subleases were classified as finance leases and the related ROU assets were derecognized. As at December 31, 2022, lease receivables amounted to P156,986 (2021 - P18,231).

Total rental income recognized in the consolidated statements of total comprehensive income amounted to P385,225 in 2022 (2021 - P260.673; 2020 - P267,176).

For the year ended December 31, 2022, revenue from sub-lease recognized in the consolidated statements of total comprehensive income amounts to P4,892 (2021 - P108,472; 2020 - nil).

Note 19 - Retirement benefits

The Group's actuarial valuations are obtained on a periodic basis. The retirement benefits are determined using the projected unit credit method.

The retirement benefits of ABLE are primarily based on the number of years of service of covered employees, as well as their fixed monthly salary. Effective January 1, 2022, the Group changed it's retirement plan provisions. Under the provisions of the retirement plan, the mandatory retirement age is sixty-five (65), with at least five (5) years of service and the retirement benefit is equal to one half of final salary per year of credited service. The computation of the on-half month's salary shall be consistent with the definition set forth under the Republic Act 7641 or the Philippine Retirement Law.

Under the provisions of the retirement plan effective until December 31, 2021, the mandatory retirement age is sixty-five (65), with at least ten (10) years of service and the retirement benefit is equal to two hundred percent (200%) of the plan salary per year of credited service.

The Group's latest actuarial valuation reports are dated December 31, 2022. The following tables summarize the components of retirement expense for ABLE and FCLRC recognized in the consolidated statement of total comprehensive income:

Retirement expense

	ABLE			FCLRC			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Current service cost	3,783	14,900	14,791	225	875	1,912	4,008	15,775	16,703
Past service cost (credit)	(83,176)	-	(41,688)	(3,744)	-	-	(86,920)	-	(41,688)
Interest cost on defined benefit obligation	2,224	5,615	8,873	119	240	537	2,343	5,855	9,410
Settlement gain	(223)	-	-	(541)	-	-	(764)	-	-
Net retirement (income) expense	(77,392)	20,515	(18,024)	(7,341)	1,115	2,449	(81,333)	21,630	(15,575)

The total retirement income of ABLE and FCLRC for the year ended December 31, 2022 amounted to P81,333 (2021-P21,630 retirement expense; 2020-P15,575).

Changes in present value of defined benefit obligation

	ABLE		FCLRC		TOTAL	
	2022	2021	2022	2021	2022	2021
Present value of defined benefit obligation at beginning of year	126,194	140,854	6,075	5,954	132,269	146,808
Current service cost	3,783	14,900	225	875	4,008	15,775
Past service income	(83,176)	-	(3,744)	-	(86,920)	-
Interest cost	2,224	5,615	119	240	2,343	5,855
Actuarial loss/(gain)	2,778	(33,739)	964	(944)	3,742	(34,683)
Settlement (gain) loss	(223)	-	(541)	-	(764)	-
Benefits paid	-	(1,436)	(1,601)	(50)	(1,601)	(1,486)
Present value of defined benefit obligation at end of year	51,580	126,194	1,497	6,075	53,077	132,269

The change in the provisions of the plan in 2022 resulted in the past service income recognized amounting to P86,920 (2021 and 2020 - nil).

As at December 31, 2022, the total retirement benefits liability amounted to P53,077 (2021 - P132,269).

The movement in retirement benefits reserve taken up under other comprehensive income and consolidated statements of changes in equity are as follows:

	ABLE			FCLRC			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Remeasurement loss (gain)									
- on change in financial assumptions	(6,020)	(25,128)	25,413	(141)	(620)	463	(6,161)	(25,748)	25,876
- on experience adjustments	1,334	(8,611)	(11,962)	800	(324)	(8,097)	2,134	(8,935)	(20,059)
- on demographic assumptions	7,464	-	-	305	-	-	7,769	-	-
	2,778	(33,739)	13,451	964	(944)	(7,634)	3,742	(34,683)	5,817

The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	ABLE		FCLRC	
	2022	2021	2022	2021
Discount rate	7.30%	5.17%	7.30%	5.12%
Future salary increases	5.00%	4.00%	5.00%	4.00%

The weighted average duration of defined benefit obligation is as follows:

	ABLE		FCLRC	
	2022	2021	2022	2021
Average expected future service years	6.00	8.00	12.00	11.00

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	ABLE		FCLRC	
	1% increase	1% decrease	1% increase	1% decrease
December 31, 2022				
Discount rate	(5,571)	6,495	(135)	160
Future salary growth	6,581	(5,734)	162	(139)
December 31, 2021				
Discount rate	(108,737)	147,187	(502)	598
Future salary growth	147,916	(107,891)	633	(542)

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table. Assumptions for disability rates are based on the 2013 SSS Total Disability Rates (Baseline Scenario). Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

The defined benefit obligation is exposed to actuarial risks such as longevity risk and interest rate risk.

Funding

The Group does not have a formal retirement plan. Benefit claims under the retirement obligation are paid directly by the Group when they become due.

Asset-liability matching

The Group has no plan assets to match against liabilities under the retirement obligation.

Maturity analysis of the benefit payments is as follows:

	Carrying amount	Contractual Cash flows	Within 1 year	Within 1-5 years	More than 5 years
As at December 31, 2022					
ABLE	51,580	384,322	2,783	6,143	375,396
FCLRC	1,497	10,511	527	-	9,984
	53,077	394,833	3,310	6,143	385,380
As at December 31, 2021					
ABLE	126,194	844,696	217	6,221	838,258
FCLRC	6,075	30,567	1,041	2,233	27,293
	132,269	875,263	1,258	8,454	865,551

Note 20 - Finance income/finance expense/other income

Finance income for the years ended December 31 consists of:

	Notes	2022	2021	2020
Interest income on cash in banks	2	2,769	1,268	1,282
Interest income on receivables from TCAMI	8	46,178	-	23,357
Finance lease income	18	215,684	1,411	1,564
		264,631	2,679	26,203

Finance expense for the years ended December 31 consists of:

	Notes	2022	2021	2020
Interest expense on loans payable	13	271,118	185,182	254,712
Interest expense on lease liabilities	18	95,989	39,349	49,153
Others		9,598	23,199	8,943
		376,705	247,730	312,808

Interest expense on loans payable includes amortization of transaction costs related to loan of ABLGI with BDO. The Group recognized amortization of transaction costs amounting to P10,205 for the year ended December 31, 2022 (2021 - P11,132; 2020 - P11,132) (Note 13).

The Group recognized gain on lease concession amounting to P3,969 for ABLGI resulting from forgiveness of rental payments from April 2020 up to March 2021. The gain is recognized as deduction in interest expense on lease liabilities.

Other income, net for the years ended December 31 consists of:

	Note	2022	2021	2020
Finance charges		(12,705)	(2,570)	(2,859)
Gain on reversal of liabilities	12	42,940	-	-
Marketing allowance		-	-	5,660
Application fee income		-	-	4,619
Others, net		(1,209)	4,176	4,748
		29,026	1,606	12,168

Marketing allowance refers to the payments made by e-bingo machine vendors to the Group used to finance marketing expenses of the Group (e.g. advertisement, etc.).

Others, net mainly consists of other income from the Group's investment, professional fee and replacement fee for lost bingo cards.

Note 21 - Related party disclosures

The table below summarizes the Group's transactions and balances with its related parties as at and for the years ended December 31:

		2022		2021	
Nature of transaction	Terms and conditions	Amount of transaction	Outstanding receivables (payables)	Amount of transaction	Outstanding receivables (payables)
a) Advances	These pertain to cash advances provided by the Group to its related parties that are due and demandable, non-interest bearing and to be settled in cash. The advance to a stockholder is presented as current assets in the statements of financial position. The advance to an individual stockholder is presented as part of receivables, net in the statements of financial position (Note 3).				
Stockholder		-	157,156	-	157,156
Individual stockholder		-	53,106	-	53,106
		-	210,262	-	210,262
b) Receivables and advances	Refer to Notes 3 and 7 for the details.				
Joint venture		118,652	118,652	-	-
Associate		-	87,127	-	107,810
		118,652	205,779		107,810

Advances to stockholder consist mainly of advances for working capital requirements to Cyberpoint Holdings and Management Corporation (CHMC), a holding company which owns 3.7% of DigiPlus' outstanding shares.

Advances to an individual stockholder is unsecured, noninterest-bearing advances and collectible on demand.

All intra-group balances, transactions, including income and expenses and profits and losses resulting from intra-group transactions are eliminated. Intergroup balances and transactions before eliminations amounted to P6,830,190 in 2022 (2021 - P9,984,309).

All intragroup transactions are eliminated during consolidation are unsecured, non-interest bearing and payable on demand. Related party transactions are to be settled in cash.

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

For the years ended December 31, the details of key management and directors' compensation representing short-term benefits are as follows:

	2022	2021	2020
Salaries and employee benefits	69,104	60,454	56,864
Directors' fees	6,547	3,490	6,920

Note 22 - Income taxes

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in a newspaper of general circulation on April 11, 2021. The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Applying the provisions of the CREATE Act, the Group has been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company in 2020 is 27.50%. This resulted in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as at December 31, 2020, amounting to P7,531 and P1,941, respectively. The reduced amounts were reflected in the Group's 2020 annual income tax return. However, for financial reporting purposes, the changes were only recognized in the 2021 financial statements.

The components of the Group's income tax expense are as follows:

	2022	2021	2020
Current tax expense	8,212	8,415	20,580
Deferred tax expense	(169,419)	(25,539)	81,277
	(161,207)	(17,124)	101,857

The Group's income tax expense consists of the 30% regular corporate income tax and the 5% gross income tax on FCLRC and FCCDCI's operations with CSEZFP and LRLDI operations (Note 16).

Reconciliation between income tax expense in the Group's profit or loss and the income tax computed at statutory income tax rate follows:

	2022	2021	2020
Income (loss) before income tax	525,650	(911,747)	(1,236,238)
Income tax (benefit) using statutory tax rate 25% (2020 - 30%)	131,413	(273,524)	(370,871)
Additions to (reductions in) income taxes resulting from tax effects of:			
Non-deductible expenses	2,463,737	2,297,085	3,036,677
Income exempt from income tax	(2,584,473)	(2,238,497)	(2,688,262)
Expired NOLCO	-	165,326	147,298
Change in unrecognized deferred tax assets	-	(6,555)	(53,077)
Equity in net loss of joint ventures	24,510	74,093	30,732
Interest income subject to final tax	(548)	(804)	(854)
Change in deferred tax accounts	(195,846)	-	-
Equity in net loss of associates	-	-	214
	(161,207)	17,124	101,857

The composition of recognized deferred tax liabilities of the Group as at December 31 are as follows:

	2022	2021
Unrealized gain on changes in fair value of investment properties	1,434,773	1,594,431
Accrued rental income	3,480	1,048
Unamortized transaction cost	-	6,401
Unrealized gain on foreign exchange differences	-	2,222
Others	5,930	9,500
	1,444,183	1,613,602

Movements of DIT liabilities for the years ended December 31 are as follows:

	2022	2021
As at January 1	1,613,602	1,639,141
Recognized in profit or loss	(169,419)	(25,539)
	1,444,183	1,613,602

As at December 31, the Group's unrecognized deferred tax assets pertain to the following items:

	2022	2021
NOLCO	263,705	24,701
Lease liabilities	123,495	36,393
Allowance for impairment loss	19,783	35,558
Retirement benefits liability	4,611	17,160
Unrealized loss on foreign exchange differences	835	2,987
MCIT	727	720
Unearned revenue	531	4,430
	413,687	121,949

Deferred tax assets were not recognized since management believes it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The Group has incurred NOLCO which can be claimed as deduction from future taxable income. Details of which are shown below:

Year incurred	Amount	Expired/applied	Balance	Expiry date
2022	403,809	-	403,809	December 31, 2025
2021	311,119	-	311,119	December 31, 2026
2020	339,892	-	339,892	December 31, 2025
2019	737,523	(737,523)	-	December 31, 2022
	1,792,343	(737,523)	1,054,820	

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25- 2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2021 and 2022 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

In this regard, the NOLCO incurred in taxable year 2020 can be claimed as deduction from the regular taxable income for the next 5 consecutive taxable years pursuant to the Bayanihan to Recover As One Act. On the other hand, the NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next 3 consecutive taxable years.

The details of MCIT which can be claimed as credit against future RCIT liabilities are as follows:

Year incurred	Amount	Expired/applied	Balance	Expiry date
2022	29	-	29	December 31, 2025
2021	171	-	171	December 31, 2024
2020	527	-	527	December 31, 2023
2019	22	(22)	-	December 31, 2022
	749	(22)	727	

On April 23, 2013, the BIR issued Revenue Memorandum Circular (RMC) 33-2013 clarifying the taxability of PAGCOR, its contractees and licensees. Pursuant to Section 1 of Republic Act No. 9337, amending Section 27 (C) of the National Internal Revenue Code (NIRC), as amended, effective November 1, 2005, PAGCOR is no longer exempt from corporate income tax as it has been effectively omitted from the list of government-owned or controlled corporations that are exempt from income tax. Accordingly, PAGCOR and its contractees and licensees' income from its operations and licensing of gambling casinos, gaming clubs and other similar recreation or amusement places, gaming pools, and other related operations are subject to corporate income tax under the NIRC, as amended.

Until March 31, 2013, in accordance with PAGCOR's directives, ABLE continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it pays the 5% franchise tax.

On July 9, 2013, a memorandum was issued by PAGCOR to all its bingo contractees and grantees clarifying that they are no longer subject to the 5% franchise tax, and are subject to the corporate income tax, instead. In compliance with the said RMC, ABLE has changed to corporate income tax as its basis for determining the tax expense starting second quarter of 2013.

On December 10, 2014, a resolution in favor of PAGCOR was rendered by the Supreme Court regarding the change from franchise tax to corporate income tax. The resolution pertains only to PAGCOR and not to its grantees and contractees.

The Group made legal opinion on the implications of the Supreme Court's decision in the case of Bloomberry Resorts and Hotels, Inc. vs. Bureau of Internal Revenue in relation to the contract entered by PIKI, BCGLC and HEPI with PAGCOR. These components of the Group are duly organized and existing under the laws of the Philippines having existing agreements with PAGCOR.
The Group determined its income taxes on these components on the premise that the results from casino operations are no longer subject to regular income taxes in pursuant to Sec 13(2) of Presidential Decree 1869 (PAGCOR Charter) which states that "the five (5%) percent franchise tax of the gross revenue or earnings derived by PAGCOR and all its contractees and licensees shall be due and payable quarterly to the National Government and shall be in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority".

The Group assessed that it is exempt from the corporate income tax on these components pursuant to the Supreme Court's decision to a tax case which categorically held PAGCOR and its contractees and licensees exempt from the payment of corporate income tax and other taxes.

Effective January 1, 2018, in accordance with the Amendments to the Regulatory Manual issued by PAGCOR on April 6, 2018, ABLE and its subsidiaries, as a licensee of PAGCOR, is exempt from all taxes and is only subject to 5% franchise tax on revenues from bingo gaming operations pursuant to Presidential Decree No. 1869, as amended by Republic Act No. 9487.

Note 23 - Segment information

For purposes of management reporting, the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. Such business segments are the bases upon which the Group reports its primary segment information.

The Group operates in four (4) reportable business segments namely: the network and license group, casino group, retail group and investment group, and only one (1) reportable geographical segment which is the Philippines. The description of the reportable segments are as follows:

Retail

The retail segment consists largely of venues providing amusements and recreation to the public in such forms as, but not limited to, traditional, electronic, rapid bingo games and online traditional bingo gaming. And with the acquisition of TGXI in July 2014, this business segment now currently includes a PAGCOR eGames Station (PeGS) offering online casino games. Multiple sites include Bingo Halls located in large popular malls, while Bingo Boutiques and eGames Stations are situated in strategic commercial establishments across the country.

Network and license

The network and license segment's primary activity are licensing of operators engaged in interactive gaming, as well as the establishment and setup of all the gaming infrastructures required in connection with the development, operation and conduct of internet server, telecommunication network, gaming enterprises, and other systems facilities.

Casino

The casino group is involved in arcade leasing.

Property

The property segment consists of an economic interest in one of the integrated resort operators in the Entertainment City and an investment in a joint venture property development project engaged in building a world-class Business Process Outsourcing center with offices for various locators.

Analysis of financial information by business segment in 2022 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	356,595	341,251	8,163,770	43,974	-	-	8,905,590
Cost and operating expenses	(247,161)	(188,505)	(7,169,270)	(44,711)	(248,817)	-	(7,898,464)
EBITDA	109,434	152,746	994,500	(737)	(248,817)	-	1,007,126
Depreciation and amortization	(22,800)	(146,196)	(200,624)	(3,595)	(2,612)	-	(375,827)
Finance expense	(6,690)	(18,738)	(116,774)	(225,819)	(8,684)	-	(376,705)
Unrealized gains on changes in fair values of investment properties, net	2,230	-	-	295,542	-	-	297,772
Impairment loss on financial assets	-	(83,497)	(24,225)	-	(10,793)	-	(118,515)
Impairment loss on non-financial assets	(832)	-	(5,382)	(2,464)	23	-	(8,655)
Equity in net earnings of a joint venture	(19,625)	-	-	-	(48,058)	19,625	(48,058)
Provision for probable losses	-	-	-	-	(18,803)	-	(18,803)
Finance income	207,440	32	442	48,392	61	-	256,367
Foreign exchange loss, net	(2,222)	(3,855)	(5,469)	(114,670)	(174)	-	(126,390)
Other income (expense), net	(2,524)	42,889	(10,046)	(42)	7,061	-	37,338
Income tax	(4,166)	(1,446)	-	166,819	-	-	161,207
Net income	260,245	(58,065)	632,422	163,426	(330,796)	19,625	686,857
Other information							
Total assets	2,504,368	1,623,276	2,644,296	14,668,524	8,588,998	(9,081,157)	20,948,305
Total liabilities	2,825,142	1,804,411	2,517,178	8,960,797	31,546	(8,197,493)	7,941,581
Capital expenditures	929	18,403	105,053	3,340	5,514	-	133,239

Analysis of financial information by business segment in 2021 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	559,415	204,758	1,995,973	45,824	-	-	2,805,970
Cost and operating expenses	(481,004)	(160,007)	(1,988,096)	(79,026)	(178,681)	-	(2,886,814)
EBITDA	78,411	44,751	7,877	(33,202)	(178,681)	-	(80,844)
Depreciation and amortization	(29,474)	(151,012)	(148,729)	(4,152)	(18,319)	-	(351,687)
Finance expense	(7,545)	(36,611)	(70,145)	(115,068)	(18,362)	-	(247,730)
Unrealized gains on changes in fair values of investment properties, net	815	-	-	14,926	-	-	15,741
Impairment loss on financial assets	(151,108)	-	-	-	(912)	-	(152,020)
Impairment loss on non-financial assets	(8,116)	(5)	(8,803)	(10,846)	-	-	(27,770)
Equity in net earnings of a joint venture	(176,100)	-	(2,048)	(1)	4,347	118,043	(55,759)
Gain (loss) on sale of an asset	-	-	-	-	-	-	-
Finance income	1,458	9	100	4	1,108	-	2,679
Foreign exchange loss, net	(13,720)	(1,602)	(631)	-	(9)	-	(15,962)
Equity in net earnings of associates	-	-	-	-	-	-	-
Other income (expense), net	3,089	384	(1,909)	42	-	-	1,606
Remeasurements of defined benefit liability, net of tax	-	-	-	-	-	42,866	42,866
Unrealized gain on investment in FVOCI	-	-	-	-	(59,049)	-	(59,049)
Income tax	(6,725)	(1,758)	-	25,607	-	-	17,124
Total comprehensive income (loss)	(309,016)	(145,844)	(224,288)	(122,690)	(269,877)	160,909	(910,806)
Other information							
Segment assets	3,606,387	1,388,659	2,315,691	14,369,645	6,105,267	(11,418,294)	16,367,355
Investments and advances	50,092	-	136,459	1,059,059	4,847,713	(3,865,948)	2,227,375
Total assets	3,656,479	1,388,659	2,452,149	15,428,704	10,952,980	(15,284,242)	18,594,730
Total liabilities	2,656,622	1,635,851	3,043,051	8,822,125	4,618,271	(11,865,759)	8,910,161
Capital expenditures	177	748	966	12	33	-	1,936

Analysis of financial information by business segment in 2020 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	806,090	344,599	2,404,143	28,488	-	-	3,583,320
Cost and operating expenses	(653,518)	(326,622)	(2,491,233)	(46,294)	(161,339)	-	(3,679,006)
EBITDA	152,572	17,977	(87,090)	(17,806)	(161,339)	-	(95,686)
Depreciation and amortization	(43,972)	(157,226)	(300,979)	(4,270)	(27,843)	-	(534,290)
Finance expense	(9,029)	(27,362)	(91,011)	(169,452)	(15,954)	-	(312,808)
Unrealized gains on changes in fair values of investment properties, net	1,130	-	-	281,185	-	-	282,315
Impairment loss on financial assets	(101,670)	(518)	(44,341)	-	(94,139)	-	(240,668)
Impairment loss on non-financial assets	-	(1,525)	(51,775)	-	-	(164,792)	(218,092)
Equity in net earnings of a joint venture	-	–	-	-	(102,440)	-	(102,440)
Gain (loss) on sale of an asset	(52,329)	-	4,895	-	-	-	(47,434)
Finance income	1,703	120	458	23,849	73	-	26,203
Foreign exchange loss, net	(29,539)	96	(70)	24,720	1	-	(4,792)
Equity in net earnings of associates	(69,635)	-	(714)	-	-	69,635	(714)
Other income (expense), net	4,380	75	10,530	(31)	(72)	(2,715)	12,168
Remeasurements of defined benefit liability, net of tax	7,634	-	(14,162)	-	-	-	(6,529)
Unrealized gain on investment in FVOCI	-	-	-	-	5,905	-	5,905
Income tax	(12,518)	(1,967)	-	(87,572)	200	-	(101,857)
Total comprehensive income (loss)	(151,273)	(170,330)	(574,259)	50,623	(395,608)	(97,872)	(1,338,719)
Other information							
Segment assets	3,347,271	1,596,313	2,378,736	12,185,198	4,118,095	(7,258,258)	16,367,355
Investments and advances	214,518	-	104,799	1,058,397	4,841,174	(3,991,513)	2,227,375
Total assets	3,561,789	1,596,313	2,483,535	13,243,595	8,959,269	(11,249,771)	18,594,730
Total liabilities	2,279,925	1,697,553	2,856,679	7,969,088	2,335,624	(8,228,708)	8,910,161
Capital expenditures	3,609	15,225	18,184	246	655	-	37,919

There were no intersegment sales recognized among reportable segments in 2022, 2021 and 2020. Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement benefits liability, and due to related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment properties. Noncash expenses pertain to depreciation and amortization expense attributable to reportable segments.

EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and non-recurring expenses such as impairment loss. The Group evaluates performance based on contributions to EBITDA, which is not a measure of operating performance or liquidity defined by PFRSs and may not be comparable to similarly titled measures presented by other entities.

Note 24 - Contingencies

The Group currently has several tax assessments and legal cases. The Group's estimate of the probable costs for the resolution of these assessments has been developed in consultation with management as well as outside legal counsel handling these matters and is based on an analysis of potential results. The Group currently does not believe that these tax assessments and legal cases will have a material adverse effect on its consolidated statement of financial position and consolidated statement of financial performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

Note 25 - Critical accounting estimates and assumptions

Use of estimates and judgment

The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. However, uncertainty about these estimates, judgments and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates, judgments and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates and judgments ae revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Group's consolidated financial statements is as follows:

25.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of lease term of contracts with renewal and termination options - Group as a lessee.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include any renewal and termination options in determining the lease term as significant number of the lease agreements can be renewed only upon mutual agreement by both parties.

Determination and classification of joint arrangement

The Group determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Group's investments in joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Group has determined its involvement in joint arrangement and determined that its investment is classified as joint venture.

Although the Group has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the BOD and joint control over the joint venture.

Distinction between investment property and property and equipment

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes and rendition of services.

If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment. The Group has determined that the land, land improvements and building are investment properties.

Recoverability of property and equipment

The Group assess impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

For the Group's impaired property and equipment in 2020, the Group determined that the VIU of these assets is zero since these assets pertain to non-movable assets of its closed sites with no expected future cashflows. Management assessed that any scrap value (FVLCS) is not material.

Based on the assessment, the Group assessed that the carrying amount of property and equipment as at and for the years ended December 31, 2022 and 2021 are fully recoverable. The Group recognized impairment loss in 2020 on its property and equipment amounting to P18,333 presented as part of the other expenses and losses, net in the consolidated statements of total comprehensive income. The carrying value of the Group's property and equipment amounted to P1,076,596 as at December 31, 2022 (2021 - P1,191,770) (Note 5).

Recoverability of investment in joint venture

The Group assess recoverability of investments in joint venture whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The factors that the Group consider important, which could trigger an impairment review include the following:

- a downgrade of joint venture's credit rating or a decline in the fair value of the associate or joint venture in consideration of other available information
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the joint venture operates

The COVID-19 pandemic significantly affected HEPI's operations and substantially reduced the of guests and reduced room rates in its hotels, consequently impacting Group's share in net losses of HEPI. In 2022 and 2021, with the ease of quarantine restrictions, HEPI shown recovery in terms of reduced net losses.

Based on the assessment, the Group assessed that the investment in joint venture as at and for the years ended December 31, 2022 and 2021 is not impaired. The carrying value of the Group's investment in HEPI amounted to P1,522,302 as at December 31, 2022 (2021 - P1,042,911) (Note 7).

Estimating realizability of deferred tax assets.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets 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. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

The Group's unrecognized deferred tax assets amounted to P413,687 in 2022 (2021 - P121,949) (Note 22).

25.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment properties, the appraisers used a valuation technique based on comparable market data available for such property.

The fair values of the investment properties were arrived at using the sales comparison approach for land and cost approach for buildings and land improvements.

The key assumptions used to determine the fair value of these properties are provided in Note 6.

Investment properties amounted to P10,942,553 as at December 31, 2022 (2021 - P10,644,781). Unrealized gains on changes in fair values of investment properties recognized in profit or loss amounted to P297,772 in 2022 (2021 - P15,741 gain; 2020 - P283,315 gain) (Note 6).

Impairment of goodwill

Goodwill is tested for impairment annually. Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

The impairment testing of goodwill utilized significant unobservable inputs (Level 3) to determine the VIU.

The Group performs impairment testing of goodwill annually. The recoverable amount of the cash generating units containing the goodwill is based on the VIU which is determined on discounting the future cash flows to be generated from the continuing use of the cash generating units. As at December 31, 2022 and 2021, the carrying amounts of goodwill amounted to P1,329,092 (Note 10).

Expected credit loss - Receivables

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

The Group used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, which involved significant estimates and judgements.

The Group also evaluates specific account of customers and other counterparties who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, including but not limited to, the debtor’s payment history and the result of the Group’s follow-up action to recover overdue debts.

Any change in the Group’s assessment of the collectability of receivables could impact the recorded carrying amount of receivables and related provision for impairment.

As at December 31, 2022, the Group recognized an allowance for impairment of receivables amounting to P590,640 (2021 - P472,125). Management believes that the recorded allowance is sufficient to cover the receivables that are impaired and assessed to be uncollectible.

Estimating provisions and contingencies

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group’s estimates of the probable costs for the resolution of its obligations have been developed in consultation with outside legal counsel handling the prosecution and defense of these matters and are based on an analysis of potential results. In 2022, the Group has recognized a provision probable losses amounting to P18,803(Note 24).

Leases - Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to P630,463 as at December 31, 2022 (2021 - P651,911) (Note 18).

Estimating retirement benefits liability

The cost of defined benefit pension plans and other postemployment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

As at December 31, 2022, retirement benefits liability amounted to P53,077 (2021 - P132,269) (Note 19).

Note 26 - Financial risk and capital management objectives and policies

26.1 Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments:

- *Credit risk*
- *Liquidity risk*
- *Market risk*

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital

The main purpose of the Group's dealings in financial instruments is to fund their respective operations and capital expenditures. The Group is not actively engaged in the trading of financial assets for speculative purposes nor does it write options.

The BOD of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The Executive Committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The BOD has a Risk Oversight Committee which is responsible for overseeing and managing the risks that the Group may encounter. The BOD develops proper strategies and measures to avoid or at least minimize such risk incorporating the Group's established risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results.
The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Group's Audit Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the Group's financial statements and financial reporting process and the Group's systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the Group's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance by the Group with legal and regulatory requirements, including the Group's disclosure control and procedures; e) evaluation of management's process to assess and manage the Group's enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also prepare the reports required to be included in the Group's annual report. The results of procedures performed by Internal Audit are reported to the Audit Committee. On the other hand, the Audit Committee reports all the issues identified over the financial reporting of the Group to the BOD on a regular basis.

26.2 Credit risk

Credit risk represents the risk of loss the Group would incur if customers and counterparties fail to perform their contractual obligations. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk. Further, the Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Financial information on the Group's maximum exposure to credit risk as at December 31, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	Notes	2022	2021
Cash and cash equivalents	2	1,285,179	369,509
Receivables, current portion, net	3	1,086,372	924,490
Receivables, non-current portion, net	8	425,308	452,053
Advances	7	1,251,083	1,184,464
Lease receivables	18	207,542	18,231
Rental deposits	11	454,558	435,822
Cash performance bonds	11	394,427	403,950
Performance cash deposits	11	32,450	32,450
Due from related parties	21	157,156	157,156
		5,294,075	3,978,125
FVOCI	9	78,513	53,582
		5,372,588	4,031,707

Cash and cash equivalents exclude cash on hand and pay out fund amounting to P71,302 as at December 31, 2022 (2021 - P47,015).

Cash and cash equivalents

The management evaluates the financial condition of the banking industry and bank deposits/investments are maintained with reputable banks only.

Receivables and advances

Majority of the Group's credit risk on receivables is attributed to its internet gaming licensing activities influenced mainly by the individual characteristics of each customer and non-interest-bearing advances made to entities with similar operations. The demographics of the Group's customer base, including the default risk of the industry and regions in which customers operate, has an influence on credit risk.

The BOD has established a credit policy under which each new advanced amount requested by customer/counterparties within the same gaming industry is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The Group's review includes the requirements of updated credit application documents, credit verifications through the use of no negative record requests and list of blacklisted accounts, and analyses of financial performance to ensure credit capacity. The status of each account is first checked before advances are approved.

Most of the Group's customers have been transacting with the Group for several years, and losses have occurred from time to time. Results of credit reviews are grouped and summarized according to credit characteristics, such as aging profiles and credit violations.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Group has recognized allowance for impairment losses on receivables and advances amounting to P741,502 as at December 31, 2022 (2021 – P617,431) (Notes 3 and 8).

As at reporting date, there were no significant concentrations of credit risk.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 60 days.

Rental deposits

The management prefers well known business establishments in the selection of location for bingo operations to ensure profitable operations and recovery of the rental and other deposits upon termination of the lease agreements.

Cash performance bonds/performance cash deposits and betting credit funds

The Group's exposure to credit risk is negligible as PAGCOR has sufficient funds to settle these upon the expiration of the respective license agreements.

Financial assets at FVOCI

The Group's exposure to credit risk is negligible as this pertains to the Group's investment in DFNN's shares that are listed on the PSE.

Due from related parties

The Group limits its exposure to credit risk by only financing the operations of related parties that have viable operations and likewise engaged in gaming amusement activities.

The most significant amount of due from related parties of the Group are the advances to BLRI and HEPI, an associate and a joint venture, respectively, of the Parent Company.

Aging analysis

Set out below is the aging of financial assets as at December 31:

	2022					
	Current	30 days	60 days	90 days and above	ECL	Total
Cash and cash equivalents	1,285,179	-	-	-	-	1,285,179
Receivables, current portion, net	1,677,012	-	-	-	(590,640)	1,086,372
Receivables, non-current portion, net	425,308	-	-	-	-	425,308
Advances	1,401,945	-	-	-	(150,862)	1,251,083
Lease receivables	207,542	-	-	-	-	207,542
Rental deposits	454,558	-	-	-	-	454,558
Cash performance bonds	394,427	-	-	-	-	394,427
Performance cash deposits	32,450	-	-	-	-	32,450
Due from related parties	157,156	-	-	-	-	157,156
Financial assets at FVOCI	78,513	-	-	-	-	78,513
	6,114,090	-	-	-	(741,502)	5,372,588

	2021					
	Current	30 days	60 days	90 days and above	ECL	Total
Cash and cash equivalents	369,509	-	-	-	-	369,509
Receivables, current portion, net	1,396,615	-	-	-	(472,125)	924,490
Receivables, non-current portion, net	452,053	-	-	-	-	452,053
Advances	1,329,770	-	-	-	(145,306)	1,184,464
Lease receivables	18,231	-	-	-	-	18,231
Rental deposits	435,822					435,822
Cash performance bonds	403,950	-	-	-	-	403,950
Performance cash deposits	32,450	-	-	-	-	32,450
Due from related parties	157,156					157,156
Financial assets at FVOCI	53,582	-	-	-	-	53,582
	4,649,138	-	-	-	(617,431)	4,031,707

Credit risk under general and simplified approach

	2022				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Cash and cash equivalents	1,285,179	-	-	-	1,285,179
Receivables, current portion, net	-	-	-	1,086,372	1,086,372
Receivables, non-current portion, net	-	-	-	425,308	425,308
Advances	1,251,083	-	-	-	1,251,083
Lease receivables	-	-	-	207,542	207,542
Rental deposits	454,558	-	-	-	454,558
Cash performance bonds	394,427	-	-	-	394,427
Performance cash deposits	32,450	-	-	-	32,450
Due from related parties	157,156	-	-	-	157,156
Financial assets at FVOCI	78,513	-	-	-	78,513
	3,653,366	-	-	1,719,222	5,372,588

	2021				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Cash and cash equivalents	369,509	-	-	-	369,509
Receivables, current portion, net	-	-	-	924,490	924,490
Receivables, non-current portion, net	-	-	-	452,053	452,053
Advances	1,184,464	-	-	-	1,184,464
Lease receivables	-	-	-	18,231	18,231
Rental deposits	435,822	-	-	-	435,822
Cash performance bonds	403,950	-	-	-	403,950
Performance cash deposits	32,450	-	-	-	32,450
Due from related parties	157,156	-	-	-	157,156
Financial assets at FVOCI	53,582	-	-	-	53,582
	2,636,933	-	-	1,394,774	4,031,707

Simplified approach

Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix) as of December 31:

	2022					
	Days past due					
	Current	<30 days	30-90 days	More than 90 days	Credit impaired	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	649,608	33,412	9,170	1,027,032	590,640	2,309,862
Expected credit loss	-	-	-	-	(590,640)	(590,640)
	649,608	33,412	9,170	1,027,032	-	1,719,222

	2021					
	Days past due					
	Current	<30 days	30-90 days	More than 90 days	Credit impaired	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	548,078	76,359	20,545	749,792	472,125	1,866,899
Expected credit loss	-	-	-	-	472,125	472,125
	548,078	76,359	20,545	749,792	-	1,394,774

26.3 Liquidity risk

Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury and cash management functions of the Group are centralized. Management has placed controls and procedures to closely monitor the Group's existing obligations. Additionally, the Group has also been negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan to ensure that sufficient cash is maintained to cover working capital requirements.

In addition, the Group has an omnibus line of credit with a number of Philippine banks consisting of commitments for short term loans, letters of credit and documents against acceptances/documents against payment (DA/DP) facilities trust receipts. As at December 31, 2022, there are no commitments under the line of credit (2021 - P1,115,000). As at December 31, 2022, there were no amounts drawn against the line of credit (2021 - P983,013). All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates (Note 13).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements of the Group:

	2022				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	More than 1 year
Trade and other payables	2,230,107	2,230,107	2,230,107	-	-
Short-term and long-term loans payable	3,277,640	3,277,640	3,277,640	-	-
Lease liabilities	630,463	630,463	128,737	128,737	501,726
Deposits	81,516	81,516	-	-	81,516
	6,219,726	6,219,726	5,636,484	128,737	583,242

	2021				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-5 years
Trade and other payables	1,613,695	1,613,695	1,613,695	-	-
Short-term and long-term loans payable	4,465,643	4,465,643	1,255,796	368,885	2,840,962
Lease liabilities	651,912	651,912	65,760	67,362	518,790
Deposits	88,473	88,473	-	-	88,473
	6,819,723	6,819,723	2,935,251	436,247	3,448,225

Trade and other payables exclude payable to government agencies and contract liabilities as at December 31, 2022 amounting to P57,724 and 166,528, respectively (2021 – 20,201 and 14,768, respectively).

The Group expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from the deferral of principal and interest payments of loans and issuance of shares through a new private placement.

The Group management has been addressing its existing obligations by negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan. As at May 30, 2021, the Group has obtained approval from its lenders for the deferral of 2021 principal and interest payments of its currently maturing loans. The Group has also obtained the approval for the discounts requested from some of its major suppliers and lessors in the second quarter of 2021 (Note 1).

To further improve the results of operations and address the cashflow requirements, a new business line, was launched in January 2022. On November 22, 2021, the BOD authorized to issue shares of up to 1.5 billion common shares from the unissued capital stock through a private placement. On March 7, 2022, the BOD approved a private placement of DigiPlus' unissued capital stock of 1.2 billion common shares at an issue price of P1.65 per share or a total of P2.1 billion (Note 1).

26.4 Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to various market risks, including risks from changes in prices, interest rates, currency exchange rates and equity price risk.

The Group minimizes its exposure to risks in changes in rental rates by entering into contracts with lessors with fixed rent commitment for the contract duration.

Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in U.S. dollar ($). In respect of monetary assets and liabilities held in currencies other that the Philippine peso, the Group ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	2022		2021	
	In USD	In PHP	In USD	In PHP
Cash in banks	50	2,888	366	18,061
Trade receivables	7,230	417,569	13,242	652,572
Rental deposits	400	23,102	400	19,690
Trade and other payables	(1,772)	(102,351)	(3,364)	(165,799)
Net assets	5,908	341,208	10,644	524,524

The exchange rate used to translate the net assets in foreign currency as at December 31, 2022 is P57.76 (2021 - P51).

The Group's foreign exchange (loss) for the years ended December 31 are as follows:

	2022	2021	2020
Realized loss	(7,540)	(3,322)	-
Unrealized loss	(118,850)	(12,640)	(4,792)
	(126,390)	(15,962)	(4,792)

Sensitivity analysis

A 2% weakening of the Philippine peso against the US dollars would have increased equity and net income by P6,825 (2021 - increased equity and net income by P9,220).

A 2% strengthening of the Philippine peso against the US dollars as at December 31, 2022 and 2021 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to changes in interest rates relate primarily to the Group's short-term and long-term debt obligations.

Management is tasked to minimize interest rate risk through having a mix of variable and fixed interest rates on its loans. Presently, the Group's short-term and long-term bank loans are market-determined, with the long-term loan interest rates based on PSDT-R2 plus a certain mark-up. The Group has not entered into interest rate swaps and options during 2022 and 2021.

The sensitivity to a reasonably possible change in interest rates with all other variables held constant of the Group's profit before tax for the years ended December 31 follows:

Change in interest rates (in basis points)	2022	2021
300bp rise	(87,067)	(123,923)
225bp rise	(65,300)	(92,942)
300bp fall	87,067	123,923
225bp fall	65,300	92,942

100 basis point is equivalent to 1%.

There is no other impact on the Group's equity other than those affecting the profit or loss.

Equity price risk

Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The management strictly monitors the movement of the share prices pertaining to its investments. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated financial position as financial asset at FVOCI (Note 9).

The effect on equity, as a result of a possible change in the fair value of the Group's equity instruments held as FVOCI as at December 31, that could be brought by changes in equity indices with all other variables held constant, are as follows:

Change in interest rates (in basis points)	2022	2021
Increase by 10%	7,851	11,263
Increase by 5%	3,926	5,631
Decrease by 10%	(7,851)	(11,263)
Decrease by 5%	(3,926)	(5,631)

Fair values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash/Receivables/Due from Related Parties/Rental Deposits/Cash Performance Bonds/Performance Cash Deposits and Betting Credit Funds/Trade and Other Payables/Due to a Related Party/Deposits/Short-term Loans Payable

The carrying amounts of cash, receivables, due from related parties, trade and other payables, due to a related party and short-term loans payable approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of rental deposits, cash performance bonds, performance cash deposits and betting credit funds and deposits approximate their fair values as management believes that the effect of discounting cash flows from these instruments is not significant.

Non-current receivable

The fair value is based on the discounted value of future cash flows using the applicable risk-free rates. The fair value is under Level 3 of the fair value hierarchy.

Long-term loans payable

Long-term loans are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date. The carrying amount approximates fair value since the interest rates are repriced frequently. These are classified as current liabilities when they become payable within a year.

Financial assets at FVOCI

The fair value of the FVOCI is based on the quoted market price of the investment in equity as at December 31, 2021 and 2021. The fair value is under Level 1 of the fair value hierarchy.

26.5 Capital management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as income before income tax divided by total average shareholders' equity. The BOD also monitors the level of dividends to shareholders.

	2022	2021
Profit (loss) before income tax	525,650	(911,747)
Total average equity	11,345,647	10,119,977
	4.63%	(9.00%)

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at December 31, 2022 and 2021.

The Group has a business continuity plan in place to mitigate the loss of revenues as well as to lower the risks involved with its customers and clients. The Group ensures strict compliance with the safety protocols required by PAGCOR and all related government agencies when operations resumed in June 2020, so the playing public may gain confidence in playing within the Group's premises. Costs and expenses were also strictly monitored. The Group has been doing cost saving strategies in the prior year such as negotiating with lessors on the waiver or discount on rentals fees, negotiating with the bank for lower interest rates, reducing personnel cost as operations are still in reduced capacity, among others. As the COVID-19 pandemic has yet to come to an end, the Group will continuously review and revise the Group's business strategies.

Note 27 - Notes to consolidated statement of cash flows

The changes in the Group's liabilities arising from financing activities are as follows:

	Note	January 1, 2022	Cash flows	Noncash changes	December 31, 2022
Short term loans	13	1,057,607	(940,868)	-	116,739
Long term loans	13	3,408,036	(372,012)	124,877	3,160,901
Lease liabilities	18	651,912	(241,806)	95,989	506,095
Total liabilities from financing activities		5,117,555	(1,554,686)	220,866	3,783,735

	Note	January 1, 2021	Cash flows	Noncash changes	December 31, 2021
Short term loans	13	983,013	74,594	-	1,057,607
Long term loans	13	3,147,745	249,159	11,132	3,408,036
Lease liabilities	18	815,842	(203,279)	39,349	651,912
Total liabilities from financing activities		4,946,600	120,474	50,481	5,117,555

	Note	January 1, 2020	Cash flows	Noncash changes	December 31, 2020
Short term loans	13	893,893	89,120	-	983,013
Long term loans	13	2,995,958	165,375	(13,588)	3,147,745
Lease liabilities	18	781,777	(246,997)	281,063	815,843
Total liabilities from financing activities		4,671,628	7,498	267,475	4,946,601

The non-cash changes are disclosed in the specific notes.

Note 28 - Summary of significant accounting policies

28.1 Basis of preparation and presentation

The consolidated financial statements have been prepared on a historical cost convention basis, except for:

- Certain financial assets carried at FVOCI;
- Investment properties carried at fair value

The consolidated financial statements are presented in Philippine Peso, the Group's functional and presentation currency. All values are rounded to the nearest thousands (000), except when otherwise indicated.

Statement of compliance

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

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 25.

28.2 Changes of accounting policies and disclosures

New standards, amendments and interpretations adopted by the Group

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

- PFRS 3: Reference to the Conceptual Framework

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

  The Board also added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37 or IFRIC 21 Levies, if incurred separately.

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendment does not have a material impact on the consolidated financial statements.

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

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

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment does not have a material impact on the consolidated financial statements.

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. On January 1, 2022, the Group applied these amendments to contracts for which it has not yet fulfilled all its obligations.

- Annual Amendments PFRS 2018-2020 Cycle – Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have a material impact to the Group.

- Annual Amendments PFRS 2018-2020 Cycle - PFRS 9 Financial Instruments - Fees in 10% est for Derecognition of Financial Liabilities

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

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

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. In January 1, 2022, the Group applied the amendments to financial liabilities that are modified or exchanged. The amendments do not have a material impact to the Group.

New standards, amendments or interpretations issued but not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

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

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

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

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

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

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

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

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

- PAS 8: Definition of Accounting Estimates

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

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

  - A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

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

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

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

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

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

- PFRS 17, Insurance Contracts

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

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

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

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

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

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

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

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

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2022 that are expected to have a material impact on the Group's financial statements.

28.3 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of LWRC and its subsidiaries as at December 31 each year and for the years then ended. The Group controls an investee if and only if the Group has:

- Power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies and reporting period of its subsidiaries are consistent with the policies adopted by and the reporting period of the Parent Company.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired in the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of a subsidiary

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost, with the change in carrying amount generally recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the Group surrenders control to a related party within the group it ultimately belongs, the difference between the consideration received and the fair value of the subsidiary at divestment date, is recognized as other charges to equity.

The consolidated financial statements include the financial statements of the Group and the following subsidiaries as at December 31, 2022 and 2021:

Subsidiaries	Percentage of ownership	Country of incorporation
AB Leisure Exponent, Inc. (ABLE) and subsidiaries	100	Philippines
AB Leisure Global, Inc. (ABLGI)	100	Philippines
LR Land Developers, Inc. (LRLDI)	100	Philippines
Prime Investment Korea, Inc. (PIKI)	100	Philippines
Total Gamezone Xtreme Incorporated (TGXI)	100	Philippines
Blue Chip Gaming and Leisure Corporation (BCGLC)	100	Philippines
Gold Coast Leisure World Corporation (GCLWC)	100	Philippines
LR Data Center and Solutions Inc. (LRDCSI)	80	Philippines
First Cagayan Leisure and Resort Corporation (FCLRC)	69.68	Philippines
First Cagayan Converge Data Center, Inc. (FCCDCI)	57.81	Philippines
Bingo Bonanza (HK) Limited (BBL)**	60	Hong Kong

**Non-operating subsidiary*
***Deregistered*

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interest (NCI)

NCI represent the portion of profit or loss and net assets or liabilities not held by the Group and are presented separately in the consolidated statements of total comprehensive income, consolidated statements of changes in equity, and within equity in the consolidated statements of financial position, separately from Group's equity attributable to equity holders of the Group. Losses applicable to the NCI in a subsidiary (including components of other comprehensive income) are allocated to the NCI even if doing so results in a deficit NCI balance.

The following table summarizes the information relating to the Group entities with material NCI, before intra-group eliminations:

		December 31, 2022			
	LRDCSI	FCLRC	BBL	FCCDCI	Grand Total
Non-controlling interests percentage	**20.00%**	**30.32%**	**40.00%**	**42.19%**	
Current assets	16,759	2,031,393	61	140,716	2,188,929
Noncurrent assets	1,902	297,533	33	93,465	392,933
Current liabilities	(29,306)	(912,650)	(87,144)	(193,912)	(1,223,012)
Noncurrent liabilities	(2,240)	(82,453)	-	(72,494)	(157,187)
Net assets (liabilities)	(12,885)	1,333,823	(87,050)	(32,225)	1,201,663
Carrying amount of non controlling interests	(2,577)	404,415	(34,820)	(13,596)	353,422
Revenue	6,724	242,096		107,865	356,685
Net income (loss) for the year	(990)	301,647		(32,148)	268,509
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	(990)	301,647		(32,148)	268,509
Net income (loss) allocated to non-controlling interests	(198)	91,459		(13,563)	77,698
Other comprehensive income allocated to non-controlling interests	-	-	-	-	-
Cash flows from operating activities	(3,482)	39,554	-	8,357	44,429
Cash flows from (used in) investment activities	-	-	-	(929)	(929)
Cash flows used in financing activities	-	(19,410)	-	(558)	(19,968)
Net decrease in cash	(3,482)	20,144	-	6,870	23,532
		December 31, 2021			
	LRDCSI	**FCLRC**	**BBL**	**FCCDCI**	**Grand Total**
Non-controlling interests percentage	**20.00%**	**30.32%**	**40.00%**	**42.19%**	
Current assets	169,895	2,776,263	61	409,480	3,353,346
Noncurrent assets	2,435	176,478	33	121,927	303,226
Current liabilities	(184,085)	(1,849,662)	(87,144)	(450,691)	(2,579,010)
Noncurrent liabilities	(261)	(99,898)	-	(72,024)	(164,756)
Net assets (liabilities)	(12,017)	1,003,181	(87,050)	8,692	912,807
Carrying amount of non controlling interests	(2,403)	304,164	(34,820)	3,667	270,608
Revenue	53,137	292,569	-	213,710	559,416
Net loss for the year	(36,802)	(52,088)	-	(220,127)	(309,017)
Other comprehensive income	-	944	-	-	944
Total comprehensive loss	(36,802)	(51,144)	-	(220,127)	(308,073)
Net income (loss) allocated to non-controlling interests	1,445	24,252	-	(92,872)	(67,174)
Other comprehensive income allocated to non-controlling interests	-	286	-	-	286
Cash flows from operating activities	(14,190)	421,228	-	16,562	423,600
Cash flows from (used in) investment activities	-	(413,133)	-	(20,437)	(433,570)
Cash flows used in financing activities	-	(13,165)	-	(14,079)	(27,244)
Net decrease in cash	(14,190)	(5,070)	-	(17,954)	(37,214)

ABLE

ABLE, a wholly-owned subsidiary, was registered with the SEC on March 31, 1995. Its primary purpose is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

ABLE offers traditional and electronic bingo games on its bingo halls across the country. Classified under non-essential businesses, all ABLE's bingo halls were temporarily closed on March 16, 2020. On June 5, 2020, PAGCOR issued a memorandum allowing the resumption of operations of gaming sites within MGCQ areas at 50% capacity.

Bingo halls located in areas under GCQ areas were allowed to operate at 30% operating capacity. In 2021, with the government easing the quarantine restrictions, ABLE resumed its sites' operations. In January 2022, PAGCOR granted ABLE with an online traditional bingo license for its new application BingoPlus.

ABLE's registered office address is located at 5th Floor Units 536-544 Bldg. D SM Megamall, EDSA Brgy. Wack-wack, Mandaluyong City.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLE as at December 31, 2022 and 2021:

Subsidiaries	Percentage of Ownership 2022	2021	Country of incorporation
Alabang Numbers & Gaming Corporation	100	100	Philippines
Allpoint Leisure Corporation	100	100	Philippines
Alpha One Amusement and Recreation Corp.	100	100	Philippines
Big Time Gaming Corporation	100	100	Philippines
Bingo Extravaganza, Inc.	100	100	Philippines
Bingo Gallery, Inc.	100	100	Philippines
Bingo Heaven Inc.*	100	100	Philippines
Bingo Palace Corporation	100	100	Philippines
Cebu Entertainment Gallery, Inc.	100	100	Philippines
Fiesta Gaming and Entertainment Corporation*	100	100	Philippines
First Leisure & Game Co., Inc.	100	100	Philippines
Galleria Bingo Corporation	100	100	Philippines
Gamexperience Entertainment Corp.	100	100	Philippines
Grand Polaris Gaming Co., Inc.	100	100	Philippines
G-One Gaming & Technology, Inc.	100	100	Philippines
Highland Gaming Corporation	100	100	Philippines
Iloilo Bingo Corporation	100	100	Philippines
Metro Gaming Entertainment Gallery, Inc.	100	100	Philippines
Rizal Gaming Corporation	100	100	Philippines
SG Amusement and Recreation Corp.	100	100	Philippines
South Bingo Corporation	100	100	Philippines
South Entertainment Gallery Incorporated	100	100	Philippines
Topmost Gaming Corp.	100	100	Philippines
Topnotch Bingo Trend, Inc. (Topnotch)	100	100	Philippines
One Bingo Pavilion Inc.	100	100	Philippines
Worldwide Links Leisure and Gaming Corporation	100	100	Philippines
Bingo Dinero Corporation (Bingo Dinero)	100	100	Philippines
Manila Bingo Corporation	100	95	Philippines
One Bingo Place, Incorporated	95	80	Philippines
Bingo Zone, Inc.*	95	95	Philippines
Isarog Gaming Corporation	90	90	Philippines
Summit Bingo, Inc.	60	60	Philippines
Negrense Entertainment Gallery, Inc.	55	55	Philippines

**Non-operating subsidiaries.*

The indirect subsidiaries' primary purpose is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

ABLGI

ABLGI, a wholly-owned subsidiary, was registered with the SEC on October 20, 2009. Its primary purpose is to acquire, own, use, construct, develop, maintain, subdivide, sell, dispose of, exchange, lease and hold for investment, or otherwise deal with real estate and personal property of all kinds, including the management and operation of the activities conducted therein pertaining to general amusement and recreation enterprises such as but not limited to resorts, golf courses, clubhouses and sports facilities, hotels and gaming facilities, with all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith. ABLGI started its operations on January 1, 2013.

ABLGI's registered office address is located at 26th Floor West Tower, PSE Center, Exchange Road, Ortigas Center, Brgy. San Antonio, Pasig City.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLGI as at December 31, 2022 and 2021:

Subsidiaries	Percentage of Ownership	Country of incorporation
AB Leisure Asia Holdings Inc. (ABLAHI)	100	Philippines
AB Leisure Holdings Philippines Corp (ABLHPC)	100	Philippines
G-L Real Estate JV Corporation (GL-JV)	100	Philippines
G-Boracay Land Holdings Inc. (GBLHI)	100	Philippines
G-Boracay Alpha Holdings Inc. (GBAHI)	100	Philippines
G-Boracay Beta Holdings Inc. (GBBHI)	100	Philippines
G-Boracay Gamma Holdings Inc. (GBGHI)	100	Philippines

The indirect subsidiaries' primary purpose is the same as ABLGI. These indirect subsidiaries were incorporated in 2017 for a future project. The land for such project was acquired in 2017 at a cost of P4,759,548,749.

There have been no significant changes in the operations of ABLGI as a direct effect of the COVID-19 pandemic.

LRLDI

On December 10, 2007, the Parent Group incorporated LRLDI as its wholly-owned subsidiary. It is engaged in realty development and lease of properties. LRLDI started its operations in 2010.

LRLDI's registered office address is located at Cyberpark Building, Brgy. Visitacion, Sta. Ana, Cagayan.

The community quarantines brought about by the pandemic significantly impacted the LRLDI's operations in 2021 and 2020. The Parent Company is providing the necessary operating and financial support to LRLDI to enable it to continue in the normal course of business.

PIKI

PIKI was registered with the SEC on November 9, 2012. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. On July 3, 2013, PIKI obtained a Grant of Authority from PAGCOR for the privilege and authority to bring in pre-registered non-Philippine junket players (with passports bearing Philippine arrival dates no later than five (5) days prior to the initial entry in the Gaming Rooms) to play the designated junket Gaming Rooms at PAGCOR's Casino Filipino - Midas, with a minimum gaming table mix to be determined by PAGCOR. On March 22, 2013, the Parent Group acquired 100% of PIKI's outstanding capital stock. PIKI started its operations on July 26, 2013.

PIKI was licensed by PAGCOR to operate a junket within PAGCOR's Casino Filipino-Midas. Junket operations have been suspended at the start of the ECQ. In November 2021, PIKI ceased its operations.

TGXI

TGXI was registered with the SEC on June 27, 2014 primarily to engage in general amusement, gaming operations and recreation enterprises. PAGCOR granted TGXI the privilege to establish, install, maintain, and operate PeGS. PeGS is a gaming facility that offers virtual casino games. TGXI started commercial operations on July 16, 2014.

TGXI operates PeGS in several locations across the country. Its operations were suspended on March 16, 2020 until June 16, 2020. Relative to PAGCOR's memorandum on June 5, 2020, TGXI was allowed to operate at 50% and 30% capacity in sites under MGCQ and GCQ, respectively. In 2021, with the government easing the quarantine restrictions, ABLE resumed its sites' operations.

TGXI's principal office is at W-1801A, 18th Flr., West Tower, PSE-C, Exchange Rd., Ortigas Center, Pasig City.

BCGLC

BCGLC was registered with the SEC on February 26, 2009. Its primary purpose is to provide investment, management counsel and to act as agent or representative for business enterprises engaged in gaming, recreation and leisure activities. On October 20, 2009, BCGLC (lessor), as the authorized representative of Munich Management Limited (a foreign corporation duly organized and registered in British Virgin Islands), entered into a contract of lease with PAGCOR (lessee), for the use of slot machines and gaming facilities.

On July 24, 2015, BCGLC incorporated Gold Coast Leisure World Corp. (GCLWC) as its wholly owned subsidiary. Its primary purpose is to purchase, acquire, own, lease (except financial leasing), sell and convey real properties such as lands, buildings, factories, and warehouses and machineries, equipment, and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, share of its capital stock, debentures and other evidences of indebtedness, or other securities as may be deemed expedient, for any business or property acquired by the corporation.

BCGLC operates several PAGCOR VIP clubs. Operations of the PAGCOR VIP clubs were suspended from March 16, 2020 to June 15, 2020 due to the mandated community quarantine of the Philippine government. Relative to PAGCOR's memorandum on June 5, 2020, BCGLC was allowed to operate at 50% and 30% capacity in sites under MGCQ and GCQ, respectively. Its operations resumed on June 16, 2020.

BCGLC's registered office address is at King's Royal Hotel and Leisure Park, Olongapo Gapan Road, Macabacle, Bacolor, Pampanga.

LRDCSI

LRDCSI was registered with SEC on May 20, 2016 and started its operation in October 2017. LRDCSI is a technology Group engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunications companies at wholesale rates, bundling said services and then reselling the services at retail rates. The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by the LRDCSI.

LRDCSI's portfolio includes solutions related to data center co-location, internet, private leased lines, mobile and voice platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in all industry sectors including land based and online gaming operators. DigiPlus owns 80% of the outstanding capital stock of LRDCSI while an individual stockholder owns 20%.

LRDCSI provides advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually. Due to the COVID-19 pandemic, some of the clients of LRDCSI terminated or have not renewed its contract. In addition, LRDCSI granted discounts to some of its customers in April and May 2020.

LRDCSI's registered office address is located at 26th Floor West Tower, PSE Center, Exchange Road, Ortigas Center, Brgy. San Antonio, Pasig City.

<u>FCLRC</u>

FCLRC was incorporated on April 26, 2000 and is a Cagayan Special Economic Zone and Freeport (CSEZFP) registered enterprise. FCLRC has an existing License Agreement with the Cagayan Economic Zone Authority (CEZA) to develop, operate and conduct internet and gaming enterprises and facilities in the CSEZFP. Pursuant to the License Agreement, CEZA issued the "CEZA Master Licensor Certificate" certifying that FCLRC is duly authorized to regulate and monitor, on behalf of CEZA, all activities pertaining to the licensing and operation of interactive games.

As Master Licensor in CEZA, FCLRC is authorized to collect a sub-license fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. Since COVID-19 impacted the operations of the CEZA licensees, FCLRC's sub-license fee also decrease due to discontinuance of the operations of its locators/licensees.

FCLRC's registered office address is located at Guest House, CEZA Complex, Casambalangan, Sta. Ana, Cagayan.

<u>FCCDCI</u>

On March 1, 2007, FCLRC and IP Converge Data Center Corp. (IPCDCC) entered into a Shareholders Agreement (Joint Venture) to engage in the business of information technology such as, but not limited to IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution to the licensed locators of FCLRC, as well as the CEZA. The Joint Venture shall likewise invest in building, upgrading and maintaining the IP communications infrastructure that connects CEZA to the global internet. This includes fiber optic networks, wireless radio stations, telco-grade internet data center, network operations center, and network hubs/access points. This investment is made by FCLRC in relation to the Master Development Plan for Tourism Area in CSEZFP and the Development of Information Technology (IT) Facilities and Telecommunications (Master Development Plan) (Note 16).

FCCDCI was incorporated and registered with the SEC on November 14, 2007, and started commercial operations on January 1, 2008. FCLRC owns 60% of FCCDCI and the remaining 40% is owned by IPCDCC.

On May 15, 2012, IPCDCC entered into a Deed of Assignment of Subscription Rights with IP Ventures, Inc. ("IPVI" a third party Group) whereby IPCDCC assigned all the rights, interests and participation to IPVI. On January 1, 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI.

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, DigiPlus obtained a 57.81% effective interest and control in FCCDCI through its direct subsidiaries FCLRC and LRDCSI at 60% and 20% equity stake in FCCDCI, respectively. Thus, due to the effect of the 20% additional equity interest, FCCDCI is consolidated into the Group effective January 1, 2017.

FCCDCI provides advanced information technology infrastructure services for businesses such as colocation, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually. Due to the COVID-19 pandemic, some of the clients of FCCDCI terminated or have not renewed its contract. In addition, FCCDCI granted discounts to some of its customers in April and May 2020.

FCCDCI's registered office address is at Centro Municipality of Sta. Ana, Cagayan Economic Zone, Cagayan Province.

BBL

On March 15, 2010, the Parent Group incorporated BBL as its 60%-owned subsidiary. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. BBL was incorporated under the Companies Ordinance of Hong Kong and started its operations in March 2012. It is currently non-operational and in the process of liquidation.

Transactions eliminated on consolidation

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated. Unrealized gains from transactions with the equity accounted investees are eliminated against the investment to the extent of the Group's interest in investee. Unrealized losses are eliminated in the same way as unrealized gains, to the extent that there is no evidence of impairment.

28.4 Financial assets

Classification and presentation

The Group classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
b) those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, otherwise it will be recognized at fair value through profit or loss.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group shall reclassify financial assets when and only when its business model for managing those assets changes.

The Group has cash, receivables, due from related parties and rent deposits (included in "Other noncurrent assets" account in the Group statement of financial position) classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Group has no financial asset designated as financial asset at FVPL.

Recognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trade) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Measurement

At initial recognition, the Group measures a financial asset at amortized cost, FVOCI and fair value through profit or loss (FVPL). In the case of a financial asset at amortized cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets at amortized cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expenses), net, together with foreign exchange gains and losses. Impairment losses are presented in administrative expenses in the statement of total comprehensive income. The Group's financial assets at amortized cost consist of cash and cash equivalents, trade receivables, due from related parties and refundable deposits (Note 26).

Financial assets designated at FVOCI (equity instruments)

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Dividends are recognized as other income in the Group statement of total comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition

A financial asset (or, where applicable., a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and

- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

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

For cash in banks, receivables, due from related parties and rent deposits. the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL. depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(i) Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables arising from contracts with third party customers. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due or longer depending on the historical experience with particular customers.

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:
- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Impairment losses and subsequent recoveries on financial assets are presented in administrative expenses within operating profit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off were credited against operating expense in profit or loss.

28.5 Financial liabilities

Classification and presentation

The Group classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (b) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments during and at the end of each reporting period.

Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. They are included in current liabilities, except for maturities more than twelve months after reporting date which are classified as non-current liabilities.

The Group's financial liabilities include trade and other payables (excluding payables to government agencies for value-added tax, withholding and other taxes), short-term and long-term loans payable, accrued expenses and other payables, due to related parties and lease liability.

Initial recognition and subsequent measurement

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group's financial liabilities at amortized cost are initially measured at invoice amount, which approximates fair value plus transaction costs. Loans payable measured net of directly attributable transaction costs.

Subsequently, these are measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within finance cost, at gross amount, in profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Group statement of total comprehensive income.

28.6 Classification of financial instruments between debt and equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity:
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer‘s own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments: or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately. with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part. The amount separately determined as the fair value of the liability component on the date of issue.

28.7 Determination of fair value

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

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

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's FVOCI financial assets with quoted market price are valued using Level 1 of the fair value hierarchy and those with unquoted market price are measured at cost.

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

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

28.8 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparties.

29.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from date of acquisition. These are measured in the statement of financial position at fair value and subsequently carried at amortized cost which approximates the face or nominal amount. Cash in bank earns interest at the prevailing bank deposit rate.

28.10 Receivables

Trade receivables arising from services with an average credit term of 30 days are recorded at transaction price plus transaction cost, which approximate invoice value and subsequently measured at amortized cost using effective interest method less any provision for impairment. Provision for impairment is determined using the policies disclosed in Note 25.2.

When a receivable is uncollectible, it is written-off against the provision account for receivables. Receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified by the Group's after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers). Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

Subsequent recoveries of amounts previously written-off are credited in profit or loss under general and administrative expenses. Reversals of previously recorded impairment provision are recognized in profit or loss based on the result of management's update assessments, considering available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivable at reporting date.

28.11 Prepaid expenses and other current assets

Prepayments are recognized in the consolidated statement of financial position in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. These are derecognized in the consolidated statement of financial position upon delivery of goods or when services have been rendered, through amortization over a certain period of time, and use or consumption.

Other current assets consist substantially of input value-added tax (VAT) and creditable withholding taxes which are recognized as assets in the period such input value-added tax and income tax payments become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve months after the reporting period, or relate to advances for non-current assets such as fixed assets, in which case, are classified as non-current assets.

28.12 Investments and advances

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Joint arrangements

Under PFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group does not have arrangements classified as joint operations.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 26.

The Group normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Group has positive intention of taking over these companies or having ownership interest in the future.

28.13 Property and equipment

Property and equipment is initially measured and recognized at acquisition cost which comprises of purchase price and any directly attributable cost of bringing the asset to working condition and location for intended use.

After initial measurement, property and equipment is stated at historical cost less accumulated depreciation, amortization and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only when the relevant assets are completed and ready for operational use. Upon completion, these properties are reclassified to their appropriate class of property, plant and equipment.

Leasehold improvements are amortized over the shorter of lease term or estimated useful life of the improvements. Lease term takes into consideration renewal options.

Land is recognized at fair value based on periodic, but at least triennial, valuations by external independent valuers. A revaluation surplus is credited to other comprehensive income in the statement of shareholders' equity. Land is not depreciated.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e.. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses. and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of-use assets are depreciated on a straight - line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation on other assets is computed on the straight-line method to allocate the cost of each asset, less its residual value, over its estimated useful life (in years), determined based on the Group's historical information and experience on the use of such assets, as follows:

Asset	Number of years
Leasehold improvements	5 or term of the lease, whichever is shorter
Aircraft and transportation equipment	5-15
Gaming equipment	5
Office furniture, fixtures, and equipment	5
Network equipment	10
Condominium unit	25
Airstrip improvements*	10
Right-of-use asset	1-25

The Group estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use.

The asset's residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are credited or charged to profit or loss.

28.14 Investment properties

Investment properties consist of land, land improvements, building, or part of a building or both held to earn long-term rental yields or for capital appreciation or both, and is not occupied by the Group or held for sale in the ordinary course of business.

The Group adopted the fair value model for accounting for its investment properties. Under this method, investment properties are initially measured at cost, including transaction costs, but are subsequently remeasured at fair value, which reflects market conditions at the reporting date.

The fair value of investment properties is determined by independent real estate valuation experts using cost approach and sales comparison approach. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either those have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain and loss on derecognition of investment properties is recognized in profit or loss in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of the owner occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property and equipment up to the date of change in use. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at fair value.

28.15 Lease rights

The Group's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Group. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

28.16 Business combination

The Group applies the purchase or acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss in the consolidated statement of total comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified at equity is not re-measured, and its subsequent settlement is not accounted for within equity.

28.17 Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred (including the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree) over the fair value of the Group's share of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in consolidated statement of total comprehensive income.

28.18 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Other non-financial assets, mainly property, and equipment, lease rights, and investment properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). Impairment losses, if any, are recognized in profit or loss.

When 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 should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. Reversals of an impairment loss are credited in profit or loss.

28.19 Trade payables and other current liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business with suppliers.

Trade payables and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established or when the corresponding assets or expenses are recognized. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables and other liabilities are recognized initially at invoice amount, which represent fair value, and subsequently measured at amortized cost using effective interest method.

These are derecognized when extinguished or when the obligation is discharged, cancelled or has expired.

28.20 Loans payable

Loans payable are recognized initially at fair value, net of transaction costs incurred. Loans payable are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Loans payable are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Loans payable are derecognized when the obligation is settled, paid or discharged.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset, if any, are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognized and charged to profit or loss in the year in which these are incurred.

28.21 Provisions

Provision are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the consolidated statement of financial position.

28.22 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

28.23 Deposit for future stock subscription

Deposits for future stock subscriptions represent cash receipts to be applied as payment for additional subscription of unissued shares or shares from an increase in authorized capital stock, outstanding subscriptions receivables, or additional paid-in capital, and are reported as a separate line item in the consolidated statement of financial position upon compliance with the requirements of the Philippine SEC.

The Group classifies deposits for future stocks subscriptions under equity as a separate account from capital stock if, and only if, all of the following elements are present as of the end of the reporting period:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of said proposed increase has been presented for filing or has been filed with the Philippine SEC.

If any of the foregoing elements are not present, the deposit is recognized as a liability.

28.24 Equity

Capital stock

Common and preferred shares are stated at par value and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Additional paid-in capital

Any amount received by the Group in excess of par value of the Parent Company’s shares is credited to Additional paidoin capital which forms part of the non-distributable reserve of the Group and can be used only for purposes specified under corporate code.

Share issuance cost

Share issuance costs incurred for the listing and offering process of the Group are recognized as deduction to the additional paid in capital in accordance with PIC - Question and Answer (PIC - Q&A) 2011-04.

Treasury shares

When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions. Preferred shares that are redeemed and not cancelled are presented as treasury shares.

Fair value reserve

Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date.

Foreign currency translation reserve

The assets and liabilities of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the applicable closing exchange rates on the reporting date. The income and expenses of the subsidiary with transactions denominated in currencies other than Philippine Peso are translated using the exchange rates at the date of transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the "Foreign currency translation reserve" account in the consolidated statements of financial position.

Retained earnings

Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

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

28.25 Earnings per share (EPS)

Basic EPS is computed by dividing the profit attributable to the owners of the Parent Company by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the Parent Company held as treasury shares.

The diluted EPS is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares, if any. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. Where the effect of the warrants is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

The Group has no potentially dilutive ordinary shares. Therefore, the amount reported for basic and diluted earnings per share is the same.

28.26 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer except for some entities of the Group which act as agent in certain commission revenue arrangements.

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

Bingo games

- Online traditional bingo - Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts.
- Electronic bingo games- Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts and share of machine vendors
- Traditional bingo, rapid bingo and pull tabs - Revenue from these bingo games is satisfied at a point in time and are recognized upon sale of bingo cards.

Electronic games

Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts.

Rental income and revenue from sub-lease

Rent income from investment properties and revenue from sub-lease is recognized on a straight-line basis over the term of the lease.

Service and hosting fees

Revenue from bandwidth and co-location services are satisfied over time and are recognized as the services are performed. Service fees are satisfied at a point in time and are recognized upon processing of locators' application for a franchise. Hosting fees are satisfied over time and are recognized upon accrual of the gaming levy to locators based on their reported revenue as defined in the license agreement.

Income from junket operations

Income from junket operations is satisfied over time and is recognized when the related services are rendered based on a percentage gross gaming revenue of the junket.

Commission income

Commission income is satisfied over time and is recognized when the related services are rendered based on a percentage of each PeGs' casino winnings.

Interest income

Interest income from cash in banks and receivables, which is presented net of final taxes paid or withheld, is recognized in profit or loss on a time-proportion basis using the effective interest method.

Other income

Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15.

28.27 Contract balances

Contract assets

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

Trade receivable

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

Contract liabilities

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

28.28 Cost and expense recognition

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized:

(i) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(ii) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or
(iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position.

Payouts represent payments to winners of traditional bingo games. This is recognized as expense upon conclusion of the game.

28.29 Leases

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements during and at the end of each reporting period.

28.29.1 The Group is the lessee

The Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

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

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

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

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

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

Measurement of right-of-use assets

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

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

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

Extension and termination options

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

28.29.2 The Group as the Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of total comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

28.30 Employee benefits

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within trade payables and other liabilities in the consolidated statement of financial position.

Retirement benefits liability

The Group has a defined benefit retirement plan managed by its subsidiaries, ABLE and FCLRC, which is based on the provisions of Republic Act RA 7641. A defined benefit plan is a pension plan that defined an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability (or asset) recognized in the consolidated statement of financial position is the present value of the defined benefit obligation less fair value of the plan assets at the reporting date. In cases when the amount determined results in an asset, the Group measures the resulting asset at the lower of such amount determined and the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit obligation.

Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity (within reserve for remeasurement on retirement benefit) in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

28.31 Income taxes

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

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

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

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

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

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority.

The Group re-assesses at each reporting date the need to recognize a previously unrecognized DIT asset, if any.

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

28.32 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the Group's subsidiaries operate (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

Transactions and balances

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

For income tax purposes, foreign exchange gains or losses are treated as taxable income or deductible expense in the period such are realized/sustained.

Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

Foreign operations

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date.

Foreign currency difference is recognized in other comprehensive income, and presented in the foreign currency translation gain (Foreign currency translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in OCI related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, relevant proportion of the cumulative amount is reattributed to NCI.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item a-re considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in “Foreign currency translation reserve” in equity.

28.33 Segment reporting

Reportable segments are presented by aggregating operating segments based on similar products and services. The accounting policies used to recognize and measure the segment’s assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

The Group has one geographical segment and derives substantially of its revenues from domestic operations.

28.34 Related party transactions and relationships

(a) Related party relationship

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

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

28.35 Subsequent events (or events after the reporting period)

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

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

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DigiPlus Interactive Corp.
(formerly Leisure & Resorts World Corporation)

Reconciliation of Parent Company's Retained Earnings
Available for Dividend Declaration
As at December 31, 2022
All amounts in thousand Philippine Peso
(Part 1, 4C, Annex 68-C)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		(309,306)
Add:	Net income actually earned/realized during the period	
	Net loss during the year closed to Retained Earnings	(319,096)
Less:	**Non-actual/unrealized income net of tax**	
	Equity in net loss of associate/joint venture	48,058
	Unrealized foreign exchange gain - (after tax) except those attributable to cash and cash equivalents	-
	Unrealized actuarial gain	-
	Fair value adjustment (mark-to-market gain)	-
	Fair value adjustment of Investment Property resulting to gain	-
	Adjustment due to deviation from PFRS – gain	-
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-
Add:	**Non-actual losses**	
	Depreciation on revaluation increment (after tax)	-
	Adjustment due to deviation from PFRS -loss	-
	Loss on fair value adjustment of investment property (after tax)	-
Net income actually earned during the year		(271,038)
Add (less):		
	Dividend declarations during the year	-
	Appropriation of retained earnings during the year	-
	Reversals of appropriations	-
	Effects of prior period adjustments	-
	Treasury shares	-
Total Retained Earnings Available for Dividend Declaration, end		(580,344)

DigiPlus Interactive Corp. and Subsidiaries
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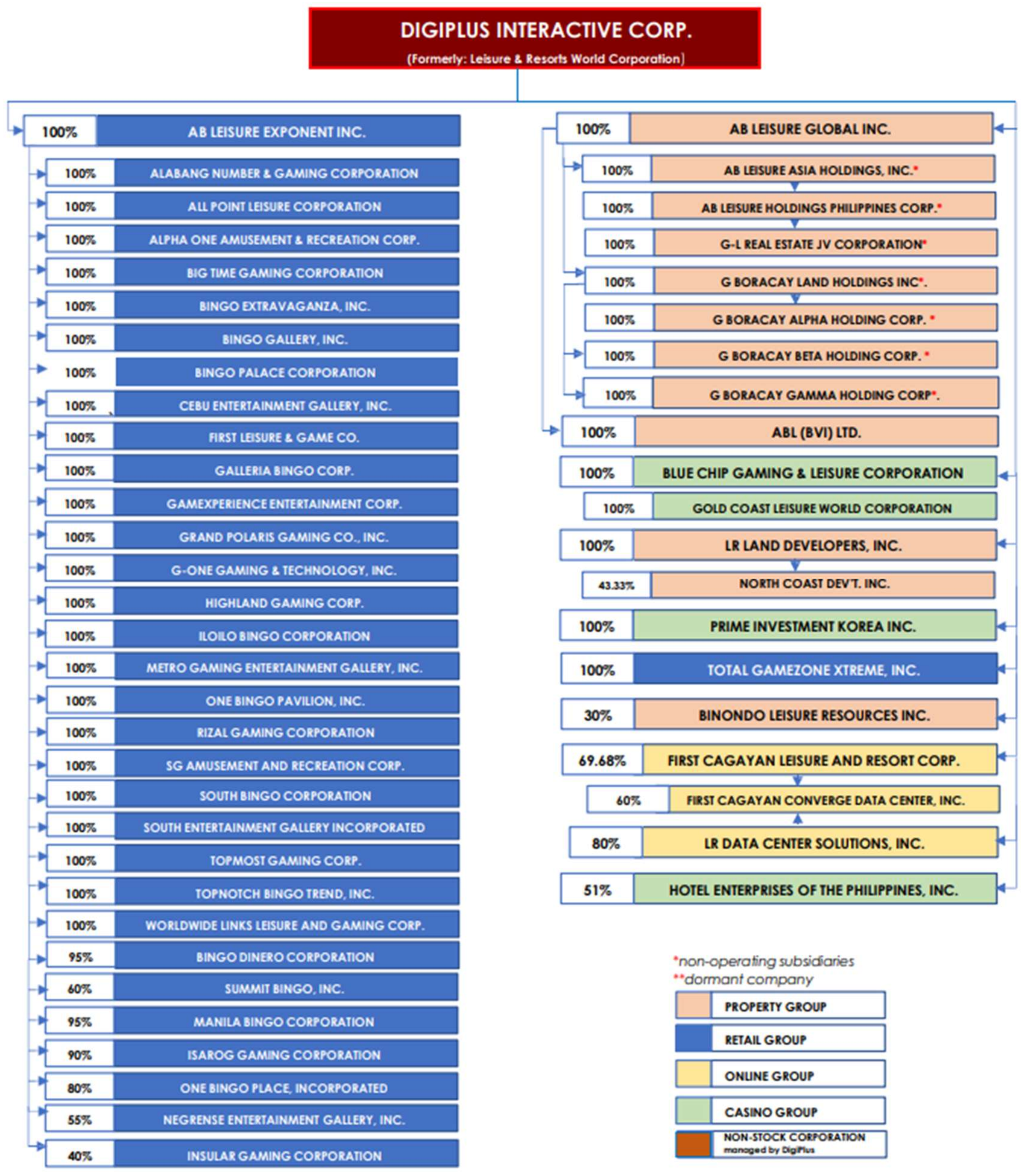
Map of Conglomerate



DigiPlus Interactive Corp. and Subsidiaries
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Financial Assets
(All amounts in thousand Philippine Peso)

Financial Asset	Name of Issuing Entity and Association of Each Issue	Amount Shown in the Balance Sheet	Income Received and Accrued
Loans and receivables:			
Cash in bank	Union Bank	391,199	2,769
	BDO	260,519	
	AUB	188,569	
	UCPB	167,938	
	Others	34,846	
		1,043,471	
Cash equivalents	Others	242,108	-
Cash on hand		71,302	-
Receivables		1,511,680	46,178
Advances		1,251,083	-
Lease receivables		207,542	215,684
Rental deposits		454,558	-
Cash performance bonds		394,427	-
Performance cash deposits		32,450	-
Due from related parties		157,156	-
Equity investments designated at FVOCI:			
Financial assets at FVOCI	DFNN, Inc.	78,513	-
		5,444,290	264,631

DigiPlus Interactive Corp. and Subsidiaries
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Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
(All amounts in thousand Philippine Peso)

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts Written Off	Current	Non-current	Balance at end of period
Stockholders	53,106	-	-	-	53,106	-	53,106

DigiPlus Interactive Corp. and Subsidiaries
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Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
(All amounts in thousand Philippine Peso)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Non-current	Balance at End of Period
Due to DigiPlus:							
ABLE	215,108	1,102,133	-	-	1,317,241	-	1,317,241
AB Leisure Global, Inc.	1,463,938	535,298	-	-	1,999,236	-	1,999,236
Blue Chip Gaming and Leisure Corporation	5,685	361,204	-	-	366,889	-	366,889
LR Land Developers, Inc.	154,434	-	(154,434)	-	-	-	-
PIKI	282,005	9,044	-	-	291,049	-	291,049
FCCDCI	-	234,556	-	-	234,556	-	234,556
TGXI	72,845	-	(72,845)	-	-	-	-
Due to LR Land:							
LR Land Developers	-	584,272	-	-	584,272	-	584,272
TGXI	-	360,222	-	-	360,222	-	360,222
FCLRC	-	1,675,493	-	-	1,675,493	-	1,675,493
LR Data Center	-	1,232	-	-	1,232	-	1,232
	2,194,015	4,863,454	(227,279)		6,830,190		6,830,190

DigiPlus Interactive Corp. and Subsidiaries
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Long Term Debt
(All amounts in thousand Philippine Peso)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current Portion of Long-term Debt" in related Statement of Financial Position	Amount shown under caption "Long-term Debt" in related Statement of Financial Position
Banco De Oro	2,250,000	2,250,000	-
Chip Leader	910,901	910,901	-
	3,160,901	3,160,901	

DigiPlus Interactive Corp. and Subsidiaries
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Indebtedness to Related Parties (Long-term loans from Related Companies
(All amounts in thousand Philippine Peso)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not applicable		

DigiPlus Interactive Corp. and Subsidiaries
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Guarantees of Securities of Other Issuers
(All amounts in thousand Philippine Peso)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owed by Person for which Statement is Filed	Nature of Guarantee
Not applicable				

DigiPlus Interactive Corp. and Subsidiaries
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Capital Stock

(All amounts in thousand Philippine Peso)

Title of Issue	Number of Shares Authorized	Number of Shares issued as Shown under Related Balance Sheet caption	Number of Treasury Shares	Number of Outstanding Shares	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares held by Related Parties	Number of Shares Held by Directors and Officers	Others
Common	5,000,000,000	4,094,106,666	377,647,488	3,716,459,178	-	21,567,000	14,264,314	3,680,627,864

DigiPlus Interactive Corp. and Subsidiaries
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Schedule of Financial Soundness Indicators
(All amounts in Philippine Peso)

Key Performance Indicator	Formula	2022	2021
Current Ratio	Current Assets / Current Liabilities	**0.52:1**	0.46:1
Acid Test Ratio	Cash and cash equivalents + Receivables, net + Due from related parties / Current Liabilities	**0:44:1**	0.42:1
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	**0.61:1**	0.92:1
Asset to Equity Ratio	Total Assets / Stockholders' Equity	**1.61:1**	1.92:1
Return on Average Equity	Net Income / Average Stockholders' Equity	**6.05%**	(8.84%)
Return on Average Assets	Net Income / Average Total Assets	**3.47%**	(4.73%)
Solvency Ratio	Net Income + Depreciation / Average Total Liabilities	**0.13:1**	(0.06:1)
Interest Coverage Ratio	Income Before Interest, Tax & Depreciation / Interest Expense	**2.67:1**	(0.33:1)
Net Book Value Per Share	Stockholders' Equity / Shares Outstanding	**3.50**	3.96
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	**0.1768**	(0.3414)
Net Profit Margin	Net income / Revenue	**7.71%**	(31.88%)