

**LMG Corp.  
Definitive Information Statement (“DIS”)  
Summary of Comments**

	<b>SEC-MSRD Comments</b>	<b>Response of the Company</b>	<b>Reference</b>																																		
1	<p>Director’s Compensation Report – separately disclose the amount of per diem allowance receive per board meeting and committee meeting of each director for the past 3-years;</p>	<p><b>Compensation of Directors</b></p> <p>Under Article III (9) of the By-Laws of the Corporation, by Resolution of the Board of Directors, each director may receive reasonable per diem allowance for his attendance at each meeting of the Board. As additional compensation, the directors shall receive a total amount of not more than ten percent (10%) of the net income before income tax of the Corporation, which shall be determined and apportioned among the directors in such manner as the as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock.</p> <p>The table below shows the allocation of per diem received by each Director of the Corporation for the years 2020 to 2022:</p> <table border="1" data-bbox="607 762 1794 1082"> <thead> <tr> <th data-bbox="607 762 1189 799"><b>Director</b></th> <th data-bbox="1189 762 1794 799"><b>Total Per Diem (Year 2020)</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 799 1189 836">Rommel L. Sytin</td> <td data-bbox="1189 799 1794 836">Php15,000.00</td> </tr> <tr> <td data-bbox="607 836 1189 873">Robinson W. Siao</td> <td data-bbox="1189 836 1794 873">Php15,000.00</td> </tr> <tr> <td data-bbox="607 873 1189 909">Ann Marietta L. Sytin</td> <td data-bbox="1189 873 1794 909">Php15,000.00</td> </tr> <tr> <td data-bbox="607 909 1189 946">Constantino L. Navarro III</td> <td data-bbox="1189 909 1794 946">Php15,000.00</td> </tr> <tr> <td data-bbox="607 946 1189 983">Eduardo H. Yap</td> <td data-bbox="1189 946 1794 983">Php15,000.00</td> </tr> <tr> <td data-bbox="607 983 1189 1019">Rafael L. Andrada</td> <td data-bbox="1189 983 1794 1019">Php15,000.00</td> </tr> <tr> <td data-bbox="607 1019 1189 1056">Sixto S. Esquivias IV</td> <td data-bbox="1189 1019 1794 1056">Php15,000.00</td> </tr> <tr> <td data-bbox="607 1056 1189 1093">Joseph C. Tan</td> <td data-bbox="1189 1056 1794 1093">Php15,000.00</td> </tr> </tbody> </table> <table border="1" data-bbox="607 1134 1794 1414"> <thead> <tr> <th data-bbox="607 1134 1189 1171"><b>Director</b></th> <th data-bbox="1189 1134 1794 1171"><b>Total Per Diem (Year 2021)</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 1171 1189 1208">Rommel L. Sytin</td> <td data-bbox="1189 1171 1794 1208">Php25,000.00</td> </tr> <tr> <td data-bbox="607 1208 1189 1244">Robinson W. Siao</td> <td data-bbox="1189 1208 1794 1244">Php25,000.00</td> </tr> <tr> <td data-bbox="607 1244 1189 1281">Ann Marietta L. Sytin</td> <td data-bbox="1189 1244 1794 1281">Php25,000.00</td> </tr> <tr> <td data-bbox="607 1281 1189 1318">Constantino L. Navarro III</td> <td data-bbox="1189 1281 1794 1318">Php25,000.00</td> </tr> <tr> <td data-bbox="607 1318 1189 1355">Eduardo H. Yap</td> <td data-bbox="1189 1318 1794 1355">Php25,000.00</td> </tr> <tr> <td data-bbox="607 1355 1189 1391">Rafael L. Andrada</td> <td data-bbox="1189 1355 1794 1391">Php25,000.00</td> </tr> <tr> <td data-bbox="607 1391 1189 1414">Sixto S. Esquivias IV</td> <td data-bbox="1189 1391 1794 1414">Php25,000.00</td> </tr> </tbody> </table>	<b>Director</b>	<b>Total Per Diem (Year 2020)</b>	Rommel L. Sytin	Php15,000.00	Robinson W. Siao	Php15,000.00	Ann Marietta L. Sytin	Php15,000.00	Constantino L. Navarro III	Php15,000.00	Eduardo H. Yap	Php15,000.00	Rafael L. Andrada	Php15,000.00	Sixto S. Esquivias IV	Php15,000.00	Joseph C. Tan	Php15,000.00	<b>Director</b>	<b>Total Per Diem (Year 2021)</b>	Rommel L. Sytin	Php25,000.00	Robinson W. Siao	Php25,000.00	Ann Marietta L. Sytin	Php25,000.00	Constantino L. Navarro III	Php25,000.00	Eduardo H. Yap	Php25,000.00	Rafael L. Andrada	Php25,000.00	Sixto S. Esquivias IV	Php25,000.00	<p>Item 6, Pages 14 to 15 of the DIS</p>
<b>Director</b>	<b>Total Per Diem (Year 2020)</b>																																				
Rommel L. Sytin	Php15,000.00																																				
Robinson W. Siao	Php15,000.00																																				
Ann Marietta L. Sytin	Php15,000.00																																				
Constantino L. Navarro III	Php15,000.00																																				
Eduardo H. Yap	Php15,000.00																																				
Rafael L. Andrada	Php15,000.00																																				
Sixto S. Esquivias IV	Php15,000.00																																				
Joseph C. Tan	Php15,000.00																																				
<b>Director</b>	<b>Total Per Diem (Year 2021)</b>																																				
Rommel L. Sytin	Php25,000.00																																				
Robinson W. Siao	Php25,000.00																																				
Ann Marietta L. Sytin	Php25,000.00																																				
Constantino L. Navarro III	Php25,000.00																																				
Eduardo H. Yap	Php25,000.00																																				
Rafael L. Andrada	Php25,000.00																																				
Sixto S. Esquivias IV	Php25,000.00																																				

		<table border="1"> <tr> <td>Wilbert S. Cua</td> <td>Php25,000.00</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>Director</b></td> </tr> <tr> <td>Rommel L. Sytin</td> <td>Php25,000.00</td> </tr> <tr> <td>Robinson W. Siao</td> <td>Php25,000.00</td> </tr> <tr> <td>Ann Marietta L. Sytin</td> <td>Php25,000.00</td> </tr> <tr> <td>Constantino L. Navarro III</td> <td>Php25,000.00</td> </tr> <tr> <td>Eduardo H. Yap</td> <td>Php25,000.00</td> </tr> <tr> <td>Rafael L. Andrada</td> <td>Php25,000.00</td> </tr> <tr> <td>Sixto S. Esquivias IV</td> <td>Php25,000.00</td> </tr> <tr> <td>Wilbert S. Cua</td> <td>Php25,000.00</td> </tr> </table>	Wilbert S. Cua	Php25,000.00	<b>Director</b>		Rommel L. Sytin	Php25,000.00	Robinson W. Siao	Php25,000.00	Ann Marietta L. Sytin	Php25,000.00	Constantino L. Navarro III	Php25,000.00	Eduardo H. Yap	Php25,000.00	Rafael L. Andrada	Php25,000.00	Sixto S. Esquivias IV	Php25,000.00	Wilbert S. Cua	Php25,000.00												
Wilbert S. Cua	Php25,000.00																																	
<b>Director</b>																																		
Rommel L. Sytin	Php25,000.00																																	
Robinson W. Siao	Php25,000.00																																	
Ann Marietta L. Sytin	Php25,000.00																																	
Constantino L. Navarro III	Php25,000.00																																	
Eduardo H. Yap	Php25,000.00																																	
Rafael L. Andrada	Php25,000.00																																	
Sixto S. Esquivias IV	Php25,000.00																																	
Wilbert S. Cua	Php25,000.00																																	
2	<p>Summary Compensation Table – disclose that the CEO and Top 4 Officers are not receiving compensation for the past 3-years;</p>	<p><b>Summary of Compensation Table</b></p> <p>The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and four (4) most highly compensated executive officers (other than the CEO) of the Corporation are as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Year</th> <th>Salary</th> <th>Bonus</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Total Compensation of the CEO and 4 most highly compensated executive officers (other than the CEO)*</td> <td>2022</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>2021</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>2020</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td rowspan="3">All other officers as a group unnamed</td> <td>2022</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>2021</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>2020</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table> <p><i>*The CEO and other executive officers (other than the CEO) of the Corporation did not receive any salary or bonus for 2020 to 2022.</i></p>	Name	Year	Salary	Bonus	Total	Total Compensation of the CEO and 4 most highly compensated executive officers (other than the CEO)*	2022	N/A	N/A	N/A	2021	N/A	N/A	N/A	2020	N/A	N/A	N/A	All other officers as a group unnamed	2022	N/A	N/A	N/A	2021	N/A	N/A	N/A	2020	N/A	N/A	N/A	Item 6, Page 14 of the DIS
Name	Year	Salary	Bonus	Total																														
Total Compensation of the CEO and 4 most highly compensated executive officers (other than the CEO)*	2022	N/A	N/A	N/A																														
	2021	N/A	N/A	N/A																														
	2020	N/A	N/A	N/A																														
All other officers as a group unnamed	2022	N/A	N/A	N/A																														
	2021	N/A	N/A	N/A																														
	2020	N/A	N/A	N/A																														
3	<p>Director Attendance Report – In a table indicate the attendance of each director during each of meetings of the board and its committees and in regular or</p>	<p><b>Discussion on the Requirements of Section 49 of the Revised Corporation Code</b></p> <p>In compliance with Section 49 of the Revised Corporation Code, the attendance of the directors in the Board and Stockholders’ Meetings held for the calendar year 2023 is as follows:</p>	Pages 23 to 26 of Annex G																															

special meeting;	stockholder's	<b>Position</b>	<b>Name</b>	<b>No. of Meetings held during the year</b>	<b>No. of Meetings Attended</b>	<b>%</b>
		Chairman of the Board	Rommel L. Sytin	8	8	100
		Member	Robinson W. Siao	9*	9	100
		Member	Ann Marietta L. Sytin	8	8	100
		Member	Constantino L. Navarro III	9*	9	100
		Member	Regis V. Puno	8	8	100
		Member	Eduardo H. Yap	8	8	100
		Independent Director	Rafael L. Andrada	8	8	100
		Independent Director	Sixto S. Esquivias IV	9*	7	78
		Independent Director	Wilbert S. Cua	9*	9	100
		*Includes committee meetings attended.				
Below is a more detailed report on the attendance of the directors in the meetings of the Board of Directors:						
		<b>Meeting</b>	<b>Attendance</b>			
1		Organizational Meeting of the Board of Directors Held on 15 September 2022	<u>Directors Present:</u> 1. Rommel L. Sytin 2. Robinson W. Siao 3. Ann Marietta L. Sytin 4. Constantino L. Navarro III 5. Regis V. Puno 6. Eduardo H. Yap 7. Rafael L. Andrada 8. Sixto S. Esquivias IV  <u>Directors Absent:</u>			

		None.
2	Audit Committee Meeting Held on 14 March 2023	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Sixto S. Esquivias IV</li> <li>2. Constantino L. Navarro III</li> <li>3. Wilbert S. Cua</li> <li>4. Robinson W. Siao</li> </ol> <p><u>Directors Absent:</u></p> <p>None (All of the members of the Audit Committee are present)</p>
3	Special Meeting of the Board of Directors Held on 28 March 2023	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> <li>6. Eduardo H. Yap</li> <li>7. Rafael L. Andrada</li> <li>8. Sixto S. Esquivias IV</li> </ol> <p><u>Directors Absent:</u></p> <p>None.</p>
4	Special Meeting of the Board of Directors Held on 20 April 2023	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> </ol>

		6. Eduardo H. Yap 7. Rafael L. Andrada 8. Sixto S. Esquivias IV  <u>Directors Absent:</u>  None.
5	Special Meeting of the Board of Directors Held on 6 June 2023	<u>Directors Present:</u> 1. Rommel L. Sytin 2. Robinson W. Siao 3. Ann Marietta L. Sytin 4. Constantino L. Navarro III 5. Regis V. Puno 6. Eduardo H. Yap 7. Rafael L. Andrada 8. Sixto S. Esquivias IV  <u>Directors Absent:</u>  None.
6	Special Meeting of the Board of Directors Held on 15 June 2023	<u>Directors Present:</u> 1. Rommel L. Sytin 2. Robinson W. Siao 3. Ann Marietta L. Sytin 4. Constantino L. Navarro III 5. Regis V. Puno 6. Eduardo H. Yap 7. Rafael L. Andrada  <u>Directors Absent:</u>  1. Sixto S. Esquivias IV

	<p>7 Special Meeting of the Board of Directors Held on 7 August 2023</p>	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> <li>6. Eduardo H. Yap</li> <li>7. Rafael L. Andrada</li> </ol> <p><u>Directors Absent:</u></p> <ol style="list-style-type: none"> <li>1. Sixto S. Esquivias IV</li> </ol>	
	<p>8 Special Meeting of the Board of Directors Held on 11 August 2023</p>	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> <li>6. Eduardo H. Yap</li> <li>7. Rafael L. Andrada</li> <li>8. Sixto S. Esquivias IV</li> </ol> <p><u>Directors Absent:</u></p> <p>None.</p>	
	<p>9 Special Meeting of the Board of Directors Held on 8 September 2023</p>	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> <li>6. Eduardo H. Yap</li> </ol>	

		<p>7. Rafael L. Andrada 8. Sixto S. Esquivias IV</p> <p><u>Directors Absent:</u></p> <p>None.</p>																
<p>4 Minutes of Meetings – minutes of the most recent regular meeting shall include among others the following:</p> <p>a. A record of the voting results for each agenda item; and</p> <p>b. A list of directors, officers and stockholders who attended the meeting.</p>	<p>The recent Annual Meeting of the Stockholders of the Corporation was held on September 15, 2022. The matters approved and recorded in the Minutes of the Annual Meeting of the Stockholders are as follows:</p> <ol style="list-style-type: none"> <li>1. Certification of notice of meeting and determination of quorum;</li> <li>2. Approval of the Minutes of the Annual Meeting of Stockholders held on September 16, 2021;</li> <li>3. Annual Report of Officers and Approval of the Audited Financial Statements of the Corporation as of December 31, 2021;</li> <li>4. Approval and Ratification of all acts and resolutions of the Board of Directors, the Board Committee and Management during their respective terms of offices;</li> <li>5. Approval of the amendment of the Articles of Incorporation to reflect the change in the principal address of the Corporation;</li> <li>6. Approval of the amendment of the By-Laws;</li> <li>7. Election of the Board of Directors for the ensuing year;</li> <li>8. Appointment of External Auditor; and</li> <li>9. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2022.</li> </ol> <p>The Annual Meeting of the Stockholders was attended by stockholders, the Board of Directors, and various officers of the Corporation. The attendance report is as follows:</p> <table border="1" data-bbox="607 1209 1794 1418"> <thead> <tr> <th></th> <th><b>STOCKHOLDERS</b></th> <th><b>POSITION</b></th> <th><b>NO. OF SHARES</b></th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Ann Marietta L. Sytin</td> <td>Director</td> <td>98,583,459</td> </tr> <tr> <td>2.</td> <td>Robinson W. Siao</td> <td>Vice Chairman / President / CEO</td> <td>29,000,001</td> </tr> <tr> <td>3.</td> <td>Rommel L. Sytin</td> <td>Chairman / Treasurer</td> <td>500,001</td> </tr> </tbody> </table>		<b>STOCKHOLDERS</b>	<b>POSITION</b>	<b>NO. OF SHARES</b>	1.	Ann Marietta L. Sytin	Director	98,583,459	2.	Robinson W. Siao	Vice Chairman / President / CEO	29,000,001	3.	Rommel L. Sytin	Chairman / Treasurer	500,001	<p>Item 15, Pages 17 to 19 of the DIS</p>
	<b>STOCKHOLDERS</b>	<b>POSITION</b>	<b>NO. OF SHARES</b>															
1.	Ann Marietta L. Sytin	Director	98,583,459															
2.	Robinson W. Siao	Vice Chairman / President / CEO	29,000,001															
3.	Rommel L. Sytin	Chairman / Treasurer	500,001															

4.	Eduardo H. Yap	Director	850,000
5.	Regis V. Puno	Director	1
6.	Constantino L. Navarro III	Director	1
7.	Rafael L. Andrada	Independent Director	1
8.	Wilbert S. Cua	Independent Director	1
9.	Sixto S. Esquivias IV	Independent Director	1
10.	Value Quest Securities Corporation (By Proxy)	N/A	4
Total number of shares present and represented at the meeting			128,933,470
Total number of shares outstanding			193,544,176 (excluding 100,028 treasury shares)

The stockholders were allowed to cast their votes on each agenda item presented to them for approval. The stockholders were also given the opportunity to ask questions, express opinion, and make suggestions on various issues related to the Corporation. No questions or comments were submitted by any of the stockholders during the meeting. The Minutes of the Annual Meeting of the Stockholders held on September 15, 2022 may be viewed and/or downloaded at <https://www.lmg.ph/pages/2022-annual-stockholders-meeting>.

The results of the voting for each agenda item are as follows:

1. Certification of notice of meeting and determination of quorum

A quorum was present by the presence, in person and by proxy, of stockholders entitled to vote which represent 128,933,470 shares or 66.62% of the total issued and outstanding shares of the Corporation.

2. Approval of the Minutes of the Annual Meeting of Stockholders held on September 16, 2021



	<p>The minutes were approved by stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.</p> <p>3. Annual Report of Officers and Approval of the Audited Financial Statements of the Corporation as of December 31, 2021 and Ratification of all acts and resolutions of the Board of Directors and Management</p> <p>The report on the results of operations and financial performance of the Corporation for the year ended December 31, 2021 was noted and the audited financial statements for the same year and acts of the Board of Directors and Officers of the Corporation were approved by stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.</p> <p>4. Approval and Ratification of all acts and resolutions of the Board of Directors, the Board Committee and Management during their respective terms of offices.</p> <p>The resolutions approved by the Board of Directors during the September 16, 2021 Organizational Board Meeting as well as the resolutions approved in Special Meetings and other matters reported to the Securities and Exchange Commission and the Philippine Stock Exchange were duly disclosed and approved by the stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.</p> <p>5. Approval of the amendment of the Articles of Incorporation to reflect the change in the principal address of the Corporation.</p> <p>The draft of the amended Articles of Incorporation was presented and approved by the stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.</p>	
--	---	--

6. Approval of the amendment of the By-Laws to reflect the denial of pre-emptive right as stated in the Amended Articles of Incorporation, to reflect incorporate the changes introduced by the Revised Corporation Code, and to correct typographical errors.

The draft of the amended By-Laws was presented and approved by the stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

7. Election of the Board of Directors for the ensuing year

Nominee	Votes in Favor		Votes Against	
	Number of Shares	% to Total Outstanding Shares	Number of Shares	% to Total Outstanding Shares
Ann Marietta L. Sytin	128,933,470	66.62%	0	0
Rommel Ly. Sytin	128,933,470	66.62%	0	0
Robinson W. Siao	128,933,470	66.62%	0	0
Constantino L. Navarro III	128,933,470	66.62%	0	0
Regis V. Puno	128,933,470	66.62%	0	0
Eduardo H. Yap	128,933,470	66.62%	0	0
Rafel L. Andrada	128,933,470	66.62%	0	0
Sixto S. Esquivias IV	128,933,470	66.62%	0	0
Wilbert S. Cua	128,933,470	66.62%	0	0

8. Appointment of External Auditor

The appointment of the auditing firm Reyes Tacandong & Co. as the external auditor of the Corporation for the fiscal year ended June 30, 2022 was approved by stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

9. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2022

		<p>The corporate acts of the officers of the Corporation and the Integrated Annual Corporate Governance Report as of May 30, 2022 were presented and approved by stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.</p>	
--	--	---	--

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement  
 **Definitive Information Statement**

2. Name of Registrant as specified in its charter: **LMG Corp.**

3. Province, country or other jurisdiction of incorporation or organization  
**Pasig City, Philippines**

4. SEC Identification Number: **42020**

5. BIR Tax Identification Code: **047-000-526-765**

6. Address of Principal Office Postal Code  
**1006B West Tower, Philippine Stock Exchange Centre** **1605**  
**Exchange Road, Ortigas Center, Pasig City**

7. Registrant's telephone number, including area code: **(632) 8636 6686**

8. Date, time and place of the meeting of security holders  
**October 26, 2023, 9:30 AM**  
**The meeting will be conducted virtually and participation will be via remote communication (Zoom videoconference)**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **October 5, 2023**

10. In case of Proxy Solicitations:

**Not applicable**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<b>Common stock, Php1.00 par value</b>	<b>193,544,176 common shares (excluding 100,028 treasury shares)<sup>1</sup></b>

12. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes  /  No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **Philippine Stock Exchange, Inc. – common shares**

---

<sup>1</sup> As of record date September 21, 2023.

## INFORMATION STATEMENT

### A. GENERAL INFORMATION

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

However, if you cannot attend and you wish to send a representative/proxy, please send your proxy letter. In case of corporations, its representative/s should be authorized by its respective Boards. Proxies and/or appropriate Secretary's Certificate should be submitted to the Corporate Secretary of LMG Corp. ("**LMG**" or the "**Corporation**") the corporation at the principal office of the corporation or through e-mail at [lrquerido@punolaw.com](mailto:lrquerido@punolaw.com) on or before October 11, 2023.

#### Item 1. **Date, time and place of meeting of security holders.**

- (a). Date: **October 26, 2023**  
 Time: **9:30 a.m.**  
 Place: **The meeting will be conducted virtually and participation will be via remote communication (Zoom videoconference). Stockholders may participate in the meeting via this link: <https://us02web.zoom.us/j/83353434403?pwd=RzdkZWZFdENMRzZxT0pYOGYvOUZiQT09>**  
 Principal Office: **1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City 1605**
- (b). Approximate date on which the Information Statement is first to be sent or given to security holders is on: October 5, 2023

#### Item 2. **Dissenters' Right of Appraisal**

Any stockholder of the corporation has the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In any case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
3. In case of merger or consolidation; and
4. In case the corporation decides to invest its fund in another corporation or business or of any purpose other than the primary purpose for which it was organized.

For a stockholder to avail himself of the appraisal right, he/she must have voted against the any of the proposed corporate actions as enumerated above, subject to the compliance with the procedures and requirements set forth in Title X, Sections 80 to 85 of the Revised Corporation Code.

The Agenda of the Stockholders' meeting to be held on October 26, 2023 calls for the discussion, approval and confirmation by the stockholders of the following, to wit:

1. Approval of Minutes of the Stockholders' Meeting held on September 15, 2022;
2. Approval of the Annual Report of Officers and the Audited Financial Statements of the Corporation as of December 31, 2022;
3. Approval and ratification of acts and proceedings of the Board of Directors, the Board Committees and Management during their respective terms of offices;
4. Election of Board of Directors for the ensuing year;
5. Appointment of External Auditor;
6. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2023;
7. Other business that may be brought before the meeting; and
8. Adjournment.

Enclosed as **Annex "A"** is a copy of the tentative agenda and a copy of the Notice of Meeting to be signed and issued by the Corporate Secretary.

### **Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or executive officer of the Corporation at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the annual meeting of the stockholders.

None of the incumbent directors has informed the Corporation in writing of an intention to oppose any action to be taken by the Corporation at the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

#### **(a) Voting securities entitled to be voted at the meeting**

As of September 21, 2023, there are 193,544,176 (193,644,204 less 100,028 treasury sales = 193,544,176) shares of LMG common stock outstanding and entitled to vote at the Annual Stockholders' Meeting. Only holders of the Corporation's stock of record as of October 5, 2023, whether acting in person or by proxy, are entitled to vote at the Annual Stockholders' Meeting.

The stock and transfer books shall be closed for transfer twenty (20) calendar days prior to the meeting on October 26, 2023, or on October 5, 2023.

As of September 21, 2023, the total number of outstanding shares is 193,544,176 (net of 100,028 shares held in treasury) with a par value of one peso (Php1.00) per share. Each share is entitled to one (1) vote.

#### **(b) Record date and Election of Directors**

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares of stock held in his name on the stock books of the Corporation as of the established record date, October 5, 2023, and said stockholder may vote such number of shares for as many as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the Corporation's books multiplied by the whole number of directors to be elected.

(c) Security Ownership of Certain Record and Beneficial Owners and Management

1. *Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Corporation's securities as of September 21, 2023*

As of September 21, 2023, LMG knows of no one who beneficially owns in excess of 5% of LMG's common stock except as set forth in the table below.

Title of class	Name, address of Record owner and relationship with issuer	Name of Beneficial owner and relationship with Record owner	Citizenship	No. of shares held	Percent
Common	PCD Nominee Corporation Ground Floor Makati Stock Exchange Building Ayala Corner Makati Avenues Makati City; no relation to issuer	Ann Marietta L. Sytin; no relation to record owner	Filipino	98,583,459	50.94
Common	PCD Nominee Corporation Ground Floor Makati Stock Exchange Building Ayala Corner Makati Avenues Makati City; no relation to issuer	Robinson W. Siao; no relation to record owner	Filipino	29,000,001	14.98
Common	PCD Nominee Corporation Ground Floor Makati Stock Exchange Building Ayala Corner Makati Avenues Makati City	Various <sup>2</sup>	Filipino	65,869,923	34.03

<sup>2</sup> None of the various holders of the Corporation's common shares registered under the name of PCD Nominee Corporation owns more than 5% of the Corporation's shares.

There are no persons or other group aside from the above known to be directly or indirectly the record or beneficial owner of more than 5% of any class of registrant's voting securities.

The proxy validation for the October 26, 2023 Annual Stockholders' meeting is to be held on October 17, 2023 at 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

## 2. Security Ownership of Management as of September 21, 2023

As of September 21, 2023, the Security Ownership of Management and Members of the Board of Directors are as follows:

Title of class	Name of owner	Amount and nature of ownership	Citizenship	Percent of class
Common	Ann Marietta L. Sytin	98,583,459 "B"	Filipino	50.94%
Common	Robinson W. Siao	29,000,001 "B"	Filipino	14.98%
Common	Rommel L. Sytin	500,001 "B"	Filipino	0.26%
Common	Constantino L. Navarro III	1 "B"	Filipino	0%
Common	Eduardo H. Yap	850,000 "B"	Filipino	0.44%
Common	Regis V. Puno	1 "B"	Filipino	0%
Common	Rafael Lombos Andrada	1 "B"	Filipino	0%
Common	Sixto S. Esquivias IV	1 "B"	Filipino	0%

- (a) State the terms of any loan or pledge obtained by the new control group for the purpose of acquiring control, and the names of the lenders or pledgees. – **Not applicable**
- (b) Any arrangement or understanding among members of both the former and new control groups and their associates with respect to election of directors or other matters should be described – **Not applicable**
- (c) Voting Trust of Holders of 5% or more **No voting Trust Agreement was entered into by persons holding more than 5% of the shares.**

## 3. Changes in Control

There has been no change in control of the registrant since the beginning of its last fiscal year.

## Item 5. Directors and Executive Officers

The names, ages and nationality of all incumbent directors and officers are as follows:

Name	Positions	Age	Citizenship
Rommel L. Sytin	Chairman of the Board/Treasurer/Chief Risk Officer/Director	54	Filipino
Robinson W. Siao	Vice-Chairman of the Board/President/Chief Executive Officer/Director	53	Filipino
Ann Marietta L. Sytin	Director	55	Filipino



Constantino L. Navarro III	Director	63	Filipino
Regis V. Puno	Director	64	Filipino
Eduardo H. Yap	Director	77	Filipino
Rafael L. Andrada	Independent Director	62	Filipino
Sixto S. Esquivias, IV	Independent Director	68	Filipino
Wilbert S. Cua	Independent Director	45	Filipino
Ranulfo Gerardo V. Payos, Jr.	Corporate Secretary	47	Filipino
Eduardo G. Castelo	Assistant Corporate Secretary	74	Filipino
Ronald Ian W. Ching	Compliance Officer	47	American

**ROMMEL L. SYTIN, 54, Filipino, Director, Chairman of the Board, Treasurer and Chief Risk Officer.** Mr. Rommel L. Sytin was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Investment Committee. He graduated with a degree in Industrial Engineering from the University of Santo Tomas in 1990. He concurrently serves as President of United Asia Automotive Group, Inc., Foton Motor Philippines, Inc., and Foton Cebu, Inc. He also sits in the board of the following companies: United Auctioneers, Inc., United Graphic Mobile, Inc., United Holdings Power Corp., Empire Asia Mining Corp., Bukidnon Maladugao Hydro Power Corp., and Oasis Plus Investments Corporation, Clockworx Food Specialist.

**ROBINSON W. SIAO, 53, Filipino, Vice-Chairman of the Board, Director, President, and Chief Executive Officer.** Mr. Robinson W. Siao was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Investment Committee. He is a thirty-two (32)-year veteran securities brokerage industry. He currently serves as President and CEO of Value Quest Securities Corporation, having previously served as its Managing Director for a decade. He also sits on the board of Global Pacific Distribution Network Corporation, Ever Dynamic Distribution Network, Inc., Ever Consumer Sales, Inc., and Everlink Distribution Group, Inc. Mr. Siao graduated from the Ateneo de Manila University with a degree in A.B. Management Economics in 1991. He obtained his Graduate Diploma in Intercultural Management from the Japan American Institute of Management Science in Honolulu, Hawaii in 2003.

**ANN MARIETTA L. SYTIN, 55, Filipino, Director.** Ms. Ann Marietta L. Sytin was elected to the Board of Directors in September 2019 and has served for four (4) years in the Corporation. She graduated from the University of the Philippines, Diliman with a Bachelor of Science degree in Business Administration. She graduated cum laude in 1988. Ms. Sytin previously worked for SAP Philippines, Inc. as a Senior Marketing Specialist and with the IBM Philippines, Inc. as a Marketing Representative. She likewise previously worked as a Finance Executive and as an Executive Assistant to the President in United Auctioneers, Inc.

**CONSTANTINO L. NAVARRO III, 63, Filipino, Director.** Mr. Constantino L. Navarro III was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Audit Committee. He graduated from the San Beda College of Law in 1986 and was admitted to the Philippine Bar in 1987. He is the name partner of Navarro Law Offices, which he established in 2012. He was a named partner of Cruz Cruz & Navarro III from 1993 to 2012, and served as its managing partner from 1998 to 2012. He has served as legal counsel for numerous companies in his 30 years of legal practice. He is also a professor in the San Beda College of Arts and Sciences, teaching Obligations and Contracts, Sales, Credit Transactions, Agency, Corporation Law and Partnership. His fields of practice include litigation, corporate law, contract review, civil law, immigration law, and criminal law.

**EDUARDO H. YAP, 77, Filipino, Director.** Mr. Eduardo H. Yap was elected to the Board of Directors in September 2018 and has served for five (5) years in the Corporation. He is a member of the Board Risk Oversight Committee. He graduated from the University of the East in 1966 with a degree in Bachelor of Business Administration. He later qualified as a Certified Public Accountant in 1967. Mr. Yap is a property developer and a project marketing manager for Dynamic Realty & Resources Corp., Clairmont Realty & Development, Inc., and Unitec Pipe Manufacturing Corp. He is active in many business and civic organizations, particularly in the Management Association of the Philippines. He has served as its Chairman for the National Issues Committee in 2017 and was a member of the Board of Governors for the years 2016-2017. He was Governor-in-Charge of the Traffic, Transportation and Infrastructure Committee, National Issues Subs-Committee on Airport Improvements, and National Security Trade, Industry & Tourism Committee in 2016. Mr. Yap has also acted as Chairman for the following committees: Committee on Traffic, Transportation & Infrastructure in 2015, Special Committee on Urban Development & Land Use for the years 2013-2014, Subcommittee on Legislation for the years 2013 -2014 and the National Issues Committee. Mr. Yap has authored several books and has published many written articles for newspapers and news magazines, such as the Philippine Daily Inquirer, Business Mirror, BizNewsAsia, and the Philippine STAR. Mr. Yap was also the chairman of the National Affairs Committee of the Financial Executives Institute of the Philippines (“FINEX”) and a member of its National Budget Study Group where he authored two (2) articles for its publications, namely “Understanding the National Budget” and “The Revenue Side of the National Budget”. He is currently an advocate of the new busway along EDSA Avenue, which was implemented by the Department of Transportation in May 2020 as a solution for more efficient bus transportation.

**REGIS V. PUNO, 64, Filipino, Director.** Mr. Regis V. Puno was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Related Party Transactions Committee. He serves as Of Counsel of ACCRALAW. He received his Bachelor of Laws Degree from the Ateneo de Manila University in 1985 and his Master of Laws Degree from Georgetown University Law Center in Washington, D.C. in 1987. He was a former Senior Partner of Puno and Puno Law Offices. He was also a former Undersecretary of the Department of Justice. He is currently a Consultant/Special Legal Counsel of Metrobank and holds directorships for several corporations, to name a few, GT Capital Holdings, Corp., Lepanto Consolidated Mining Co., GN Power Holdings Corp., and the Rockwell Club.

**RAFAEL L. ANDRADA, 62, Filipino, Independent Director.** Mr. Rafael L. Andrada was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Board Risk Oversight Committee, and a member of the Corporate Governance and Investment Committees. He received his Bachelor of Science in Commerce Business Management from the De La Salle University in 1982. He is currently an independent director of the ABS-CBN Corporation. He previously served as First Vice President & Treasurer of Manila Electric Company from 1997-2016. Prior to that, he was Chief Financial Officer of Benpres Holdings Corporation from 1992-1997. He previously sat in the board of CIS Bayad Center, General Electric Philippine Meter & Instrument Co., Inc., Republic Surety Insurance, Inc., Meralco Industrial Engineering Services Corp., Lighthouse Overseas Insurance Ltd., Inc., Radius Telecoms, Inc., Comstech Integrated Alliance, Inc., Clark Electric Distribution Corporation, Rockwell Land Corporation, Bauang Private Power Corporation, and First Private Power Corporation, among others. He was awarded Asia’s Best CFO for Investor Relations in 2012 and Asia’s Best Investor Relations Professional for 2013, 2014, and 2015 by Corporate Governance Asia.

**SIXTO S. EXQUIVIAS IV, 68, Filipino, Independent Director.** Mr. Sixto S. Esquivias IV was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Audit and Related Party Transactions Committees, and a member of the Corporate Governance and Board Risk Oversight Committees. He

graduated from the Ateneo de Manila University School of Law in 1980 and was admitted to the Philippine Bar the following year. He obtained his Masters in Public Administration from the University of Santo Tomas in 1986 and his Master of Laws Major in Taxation from the Manuel L. Quezon University in 1993. Atty. Esquivias is also a Certified Public Accountant as he passed the CPA Board Examinations in 1975. Mr. Esquivias is the Managing Partner of the Law Firm of Esquivias Conlu Vidanes & Yabut since 2010. He previously served as the Commissioner of the Bureau of Internal Revenue (BIR) from 2008 to 2009. He also held other important positions in the BIR, serving as Deputy Commissioner for Legal and Enforcement (1998 – 2000), OIC, Deputy Commissioner of Legal & Enforcement Group (1997-1998), and OIC, Assistant Commissioner Legal Service (1997). He was also a professor of Taxation in the University of the Philippines from 1986-1998 and from 2006-2010. He was a consultant to the Office of the Senate President from 2010-2012, and to the Congressional Oversight Committee on Comprehensive Tax Reform Program from 2006-2007.

**WILBERT S. CUA, 45, Filipino, Independent Director.** Mr. Wilbert S. Cua was elected as a director on September 16, 2021 and has served for two (2) years in the Corporation. He is the Chairman of the Corporate Governance Committee, and a member of the Related Party Transactions and the Investment Committees. He has twenty-one (21) years of business experience from varied industries. He is currently the President of iMetal Philippines Corporation, an importer and distributor of aluminum products and materials. He serves on the Executive Committee of John Wilter Land Corp. and Alaska Land, Inc., real estate developers of industrial and commercial properties. He is also the President of Brightstep Ventures Inc. and the General Manager of Springhill Holdings Corp. He has a strong background in IT product distribution in the Philippines and Australia having served under companies such as Optimal Systems Distribution, Inc. and Express Data Pty. Ltd. Mr. Cua holds a Bachelor of Science in Management Information Systems degree from the Ateneo de Manila University, and an MBA from the Australian Graduate School of Management, University of New South Wales.

**RANULFO GERARDO V. PAYOS, JR. 47, Filipino, Corporate Secretary.** Mr. Ranulfo Gerardo V. Payos, Jr. was elected as an officer of the Corporation in December 2017 and has served for five (5) years in the Corporation. He received his law degree from the University of the Philippines College of Law in 2002. He is a Senior Partner of Puno & Puno Law Offices. As counsel, he has handled general tax consulting, joint venture arrangements, regulatory compliance and due diligence work for various foreign companies investing, among others, in power generation, mining and infrastructure projects Mr. Payos has acted as corporate secretary in a number of corporations by providing general housekeeping services, and has provided legal services relating to lending, project finance, securities and merger and acquisition transactions. His fields of practice include tax advisory, mining, power and natural resources, commercial law, corporate restructuring and reorganization, tax advocacy and litigation.

**EDUARDO G. CASTELO, 74, Filipino, Director and Assistant Corporate Secretary.** Mr. Castelo was elected as an officer of the Corporation in December 2017 and has served for five (5) years in the Corporation. He obtained his law degree from the Ateneo de Manila University in 1975 where he received Second Honors. Mr. Castelo is a practicing lawyer and certified public accountant, with over forty-four (44) and forty-nine (49) years of experience in both professions, respectively. He is currently named partner in Castelo Law Office. His field of practice includes corporate law, taxation, business and commercial law, intellectual property, estate planning and litigation. He is also a member of the American Bar Association in the State of New York.

**RONALD IAN W. CHING, 47, American, Compliance Officer.** Mr. Ronald Ian W. Ching was elected as an officer of the Corporation in April 2018 and has served for five (5) years in the Corporation. He graduated from the De La Salle University in 1996 with a degree in Computer Science, major in Software Technology. He was a Technical Specialist for Philippine Systems

Products, Inc. for two years before becoming a Software Design Engineer in Test for Visual Studio Microsoft Corporation in Redmond, USA for the years 1999-2012. He has served as President of Value Quest Finance Corporation since 2014 and as a Research Analyst since 2012. Mr. Ching is a licensed stockbroker for Value Quest Securities Corporation.

The Directors of the Corporation are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors shall have been elected and qualified. Elective officers are elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each officer to hold office until a successor shall have been elected and qualified.

The nominees for election as members of the Board of Directors and as Officers of the Corporation as of the date of sending the Preliminary Information Statement are listed below.

Regular Directors:

1. Rommel L. Sytin
2. Robinson W. Siao
3. Ann Marietta L. Sytin
4. Constantino L. Navarro III
5. Eduardo H. Yap
6. Regis V. Puno

Independent Directors:

1. Rafael L. Andrada
2. Sixto S. Esquivias IV
3. Wilbert S. Cua

Chairman of the Board:

Rommel L. Sytin

Vice-Chairman of the Board, President and Chief Executive Officer:

Robinson W. Siao

Treasurer and Chief Risk Officer:

Rommel L. Sytin

Corporate Secretary:

Ranulfo Gerardo V. Payos, Jr.

Assistant Corporate Secretary:

Eduardo G. Castelo

Compliance Officer:

Ronald Ian W. Ching

The following is a brief profile of the nominees for Directors/Independent Directors and Officers for the year 2023-2024:

**ROMMEL L. SYTIN, 54, Filipino, Director, Chairman of the Board, Treasurer and Chief Risk Officer.** Mr. Rommel L. Sytin was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Investment Committee. He graduated with a degree in Industrial Engineering from the University of Santo Tomas in 1990. He concurrently serves as President of United Asia Automotive Group, Inc., Foton Motor Philippines, Inc., and Foton Cebu, Inc. He also sits in the board of the following companies: United Auctioneers, Inc., United Graphic Mobile, Inc., United Holdings Power

Corp., Empire Asia Mining Corp., Bukidnon Maladugao Hydro Power Corp., and Oasis Plus Investments Corporation, Clockworx Food Specialist. He is also a member of the Board of Directors of the Manila Economic and Cultural Law Office (MECO). MECO is the Philippines' representative office in Taiwan, which promotes, trade, investment, tourism, labor, scientific and cultural cooperation with Taiwan.

**ROBINSON W. SIAO, 53, Filipino, Vice-Chairman of the Board, Director, President, and Chief Executive Officer.** Mr. Robinson W. Siao was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Investment Committee. He is a veteran in securities brokerage having around thirty-two (32) years of experience in the industry. He currently serves as President and CEO of Value Quest Securities Corporation, having previously served as its Managing Director for a decade. He also sits on the board of Global Pacific Distribution Network Corporation, Ever Dynamic Distribution Network, Inc., Ever Consumer Sales, Inc., and Everlink Distribution Group, Inc. Mr. Siao graduated from the Ateneo de Manila University with a degree in A.B. Management Economics in 1991. He obtained his Graduate Diploma in Intercultural Management from the Japan American Institute of Management Science in Honolulu, Hawaii in 2003.

**ANN MARIETTA L. SYTIN, 55, Filipino, Director.** Mrs. Ann Marietta L. Sytin was elected to the Board of Directors in September 2019 and has served for four (4) years in the Corporation. She graduated from the University of the Philippines, Diliman with a Bachelor of Science degree in Business Administration. She graduated cum laude in 1988. Mrs. Sytin previously worked for SAP Philippines, Inc. as a Senior Marketing Specialist and with the IBM Philippines, Inc. as a Marketing Representative. She likewise previously worked as a Finance Executive and as an Executive Assistant to the President in United Auctioneers, Inc.

**CONSTANTINO L. NAVARRO III, 63, Filipino, Director.** Mr. Constantino L. Navarro III was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Audit Committee. He graduated from the San Beda College of Law in 1986 and was admitted to the Philippine Bar in 1987. He is the name partner of Navarro Law Offices, which he established in 2012. He was a named partner of Cruz Cruz & Navarro III from 1993 to 2012, and served as its managing partner from 1998 to 2012. He has served as legal counsel for numerous companies in his 30 years of legal practice. He is also a professor in the San Beda College of Arts and Sciences, teaching Obligations and Contracts, Sales, Credit Transactions, Agency, Corporation Law and Partnership. His fields of practice include litigation, corporate law, contract review, civil law, immigration law, and criminal law.

**EDUARDO H. YAP, 77, Filipino, Director.** Mr. Eduardo H. Yap was elected to the Board of Directors in September 2018 and has served for five (5) years in the Corporation. He is a member of the Board Risk Oversight Committee. He graduated from the University of the East in 1966 with a degree in Bachelor of Business Administration. He later qualified as a Certified Public Accountant in 1967. Mr. Yap is a property developer and a project marketing manager for Dynamic Realty & Resources Corp., Clairmont Realty & Development, Inc., and Unitec Pipe Manufacturing Corp. He is active in many business and civic organizations, particularly in the Management Association of the Philippines. He has served as its Chairman for the National Issues Committee in 2017 and was a member of the Board of Governors for the years 2016-2017. He was Governor-in-Charge of the Traffic, Transportation and Infrastructure Committee, National Issues Subs-Committee on Airport Improvements, and National Security Trade, Industry & Tourism Committee in 2016. Mr. Yap has also acted as Chairman for the following committees: Committee on Traffic, Transportation & Infrastructure in 2015, Special Committee on Urban Development & Land Use for the years 2013-2014, Subcommittee on Legislation for the years 2013 -2014 and the National Issues Committee. Mr. Yap has authored several books and has published many written articles for newspapers and news magazines, such as the Philippine Daily Inquirer, Business Mirror, BizNewsAsia, and the Philippine STAR. Mr. Yap was also the chairman of the National Affairs Committee of the

Financial Executives Institute of the Philippines (“FINEX”) and a member of its National Budget Study Group where he authored two (2) articles for its publications, namely “Understanding the National Budget” and “The Revenue Side of the National Budget”. He is currently an advocate of the new busway along EDSA Avenue, which was implemented by the Department of Transportation in May 2020 as a solution for more efficient bus transportation.

**REGIS V. PUNO, 64, Filipino, Director.** Mr. Regis V. Puno was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Related Party Transactions Committee. He serves as Of Counsel of ACCRALAW. He received his Bachelor of Laws Degree from the Ateneo de Manila University in 1985 and his Master of Laws Degree from Georgetown University Law Center in Washington, D.C. in 1987. He was a former Senior Partner of Puno and Puno Law Offices. He was also a former Undersecretary of the Department of Justice. He is currently a Consultant/Special Legal Counsel of Metrobank and holds directorships for several corporations, to name a few, GT Capital Holdings, Corp., Lepanto Consolidated Mining Co., GN Power Holdings Corp., and the Rockwell Club.

**RAFAEL L. ANDRADA, 62, Filipino, Independent Director.** Mr. Rafael L. Andrada was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Board Risk Oversight Committee, and a member of the Corporate Governance and Investment Committees. He received his Bachelor of Science in Commerce Business Management from the De La Salle University in 1982. He is currently an independent director of the ABS-CBN Corporation. He previously served as First Vice President & Treasurer of Manila Electric Company from 1997-2016. Prior to that, he was Chief Financial Officer of Benpres Holdings Corporation from 1992-1997. He previously sat in the board of CIS Bayad Center, General Electric Philippine Meter & Instrument Co., Inc., Republic Surety Insurance, Inc., Meralco Industrial Engineering Services Corp., Lighthouse Overseas Insurance Ltd., Inc., Radius Telecoms, Inc., Comstech Integrated Alliance, Inc., Clark Electric Distribution Corporation, Rockwell Land Corporation, Bauang Private Power Corporation, and First Private Power Corporation, among others. He was awarded Asia’s Best CFO for Investor Relations in 2012 and Asia’s Best Investor Relations Professional for 2013, 2014, and 2015 by Corporate Governance Asia.

**SIXTO S. EXQUIVIAS IV, 68, Filipino, Independent Director.** Mr. Sixto S. Esquivias IV was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Audit and Related Party Transactions Committees, and a member of the Corporate Governance and Board Risk Oversight Committees. He graduated from the Ateneo de Manila University School of Law in 1980 and was admitted to the Philippine Bar the following year. He obtained his Masters in Public Administration from the University of Santo Tomas in 1986 and his Master of Laws Major in Taxation from the Manuel L. Quezon University in 1993. Atty. Esquivias is also a Certified Public Accountant as he passed the CPA Board Examinations in 1975. Mr. Esquivias is the Managing Partner of the Law Firm of Esquivias Conlu Vidanes & Yabut since 2010. He previously served as the Commissioner of the Bureau of Internal Revenue (BIR) from 2008 to 2009. He also held other important positions in the BIR, serving as Deputy Commissioner for Legal and Enforcement (1998 – 2000), OIC, Deputy Commissioner of Legal & Enforcement Group (1997-1998), and OIC, Assistant Commissioner Legal Service (1997). He was also a professor of Taxation in the University of the Philippines from 1986-1998 and from 2006-2010. He was a consultant to the Office of the Senate President from 2010-2012, and to the Congressional Oversight Committee on Comprehensive Tax Reform Program from 2006-2007.

**WILBERT S. CUA, 45, Filipino, Independent Director.** Mr. Wilbert S. Cua was elected as a director on September 16, 2021 and has served for two (2) years in the Corporation. He is the Chairman of the Corporate Governance Committee, and a member of the Related Party Transactions and the Investment Committees. He has twenty-one (21) years of business

experience from varied industries. He is currently the President of iMetal Philippines Corporation, an importer and distributor of aluminum products and materials. He serves on the Executive Committee of John Wilter Land Corp. and Alaska Land, Inc., real estate developers of industrial and commercial properties. He is also the President of Brightstep Ventures Inc. and the General Manager of Springhill Holdings Corp. He has a strong background in IT product distribution in the Philippines and Australia having served under companies such as Optimal Systems Distribution, Inc. and Express Data Pty. Ltd. Mr. Cua holds a Bachelor of Science in Management Information Systems degree from the Ateneo de Manila University, and an MBA from the Australian Graduate School of Management, University of New South Wales.

**RANULFO GERARDO V. PAYOS, JR. 47, Filipino, Corporate Secretary.** Mr. Ranulfo Gerardo V. Payos, Jr. was elected as an officer of the Corporation in December 2017 and has served for five (5) years in the Corporation. He received his law degree from the University of the Philippines College of Law in 2002. He is a Senior Partner of Puno & Puno Law Offices. As counsel, he has handled general tax consulting, joint venture arrangements, regulatory compliance and due diligence work for various foreign companies investing, among others, in power generation, mining and infrastructure projects Mr. Payos has acted as corporate secretary in a number of corporations by providing general housekeeping services, and has provided legal services relating to lending, project finance, securities and merger and acquisition transactions. His fields of practice include tax advisory, mining, power and natural resources, commercial law, corporate restructuring and reorganization, tax advocacy and litigation.

**EDUARDO G. CASTELO, 74, Filipino, Assistant Corporate Secretary.** Mr. Eduardo G. Castelo was elected as an officer of the Corporation in December 2017 and has served for five (5) years in the Corporation. He obtained his law degree from the Ateneo de Manila University in 1975 where he received Second Honors. Mr. Castelo is a practicing lawyer and certified public accountant, with over forty-four (44) and forty-nine (49) years of experience in both professions, respectively. He is currently named partner in Castelo Law Office. His field of practice includes corporate law, taxation, business and commercial law, intellectual property, estate planning and litigation. He is also a member of the American Bar Association in the State of New York.

**RONALD IAN W. CHING, 47, American, Compliance Officer.** Mr. Ronald Ian W. Ching was elected as an officer of the Corporation in April 2018 and has served for five (5) years in the Corporation. He graduated from the De La Salle University in 1996 with a degree in Computer Science, major in Software Technology. He was a Technical Specialist for Philippine Systems Products, Inc. for two (2) years before becoming a Software Design Engineer in Test for Visual Studio Microsoft Corporation in Redmond, USA for the years 1999-2012. He has served as President of Value Quest Finance Corporation since 2014 and as a Research Analyst since 2012. Prior to becoming its President, Mr. Ching was a stockbroker for Value Quest Finance Corporation.

**(Note:** As provided in the Corporation's Manual of Corporate Governance, the Corporate Secretary shall set a reasonable period for the submission of nominations of candidates for election to the Board of Directors. All nominations for directors shall be submitted in writing to the Corporate Secretary at least seven (7) business days prior to the holding of election. Thereafter, the Corporate Governance Committee meets, pre-screens, and checks the qualifications of, and deliberates on all persons nominated to be elected to the Board of Directors from the pool of candidates submitted by the nominating stockholders. The Corporate Governance Committee shall prepare a Final List of Candidates after considering the qualifications and disqualifications of the nominees. Said list shall contain all the information about the nominees. Only nominees qualified by the Corporate Governance Committee and whose names appear on the Final List of Candidates shall be eligible for election as Director.)

The Certifications of the nominated Independent Directors Messrs. Rafael L. Andrada, Sixto Esquivias IV, and Wilbert S. Cua are attached as **Annex “B”**. The Certification of the Corporate Secretary that no director and officer are employed and/or connected with any government office, agency, instrumentality or government-owned or controlled corporations is attached as **Annex “B-1”**.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices.

Ms. Ann Marietta L. Sytin nominated Messrs. Rafael L. Andrada, Sixto Esquivias IV, and Wilbert S. Cua as the Corporation's Independent Directors for the ensuing year. Messrs. Andrada, Esquivias IV, and Cua are not officers or employees of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation or any of its employees, officers and directors, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Further the guideline or criteria before any person can be nominated for the position of Independent Director are that he/she should possess all the qualifications and none of the disqualifications set forth by Section 38 of the Securities Regulations Code and its Implementing Rules and Regulations.

#### ***Significant Employees***

There is no “significant employee” as defined in Part IV (AS) (2) of SRC Rule 12 (i.e., a person who is not an executive officer of the registrant but who is expected to make a significant contribution to the business). Nonetheless, all employees are expected to make a reasonable contribution to the success of the business of the Corporation.

#### ***Family Relationships***

Except for Ann Marietta L. Sytin and Rommel L. Sytin who are sister-in-law and brother-in-law, respectively and Robinson W. Siao who is the son-in-law of Eduardo H. Yap, there are no other relationships among the officers and directors.

#### ***Legal Proceedings with respect to Directors and Executive Officers***

None.

#### ***Certain Relationships and Related Transactions***

LMG has a contract with Value Quest Securities Corp. (“**Value Quest**”), where Mr. Robinson W. Siao serves as its President. Value Quest serves as LMG's stockbroker to execute LMG's transactions. The transaction fees for Value Quest's services are calculated based on 0.25% of the gross transaction value, which is the lowest transaction fee allowed by the Philippine Stock Exchange. LMG has no other contractual or other commitments with Value Quest.

#### **Item 6. Compensation of Directors and Executive Officers**

Key management personnel of LMG are also members of its Board of Directors. No compensation was provided by the Corporation to key management personnel in 2021.



### Summary of Compensation Table

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and four (4) most highly compensated executive officers (other than the CEO) of the Corporation are as follows:

Name	Year	Salary	Bonus	Total
Total Compensation of the CEO and 4 most highly compensated executive officers (other than the CEO)*	2022	N/A	N/A	N/A
	2021	N/A	N/A	N/A
	2020	N/A	N/A	N/A
All other officers as a group unnamed	2022	N/A	N/A	N/A
	2021	N/A	N/A	N/A
	2020	N/A	N/A	N/A

\*The CEO and other executive officers (other than the CEO) of the Corporation did not receive any salary or bonus for 2020 to 2022.

### Compensation of Directors

Under Article III (9) of the By-Laws of the Corporation, by Resolution of the Board of Directors, each director may receive reasonable per diem allowance for his attendance at each meeting of the Board. As additional compensation, the directors shall receive a total amount of not more than ten percent (10%) of the net income before income tax of the Corporation, which shall be determined and apportioned among the directors in such manner as the as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock.

The table below shows the allocation of per diem received by each Director of the Corporation for the years 2020 to 2022:

Director	Total Per Diem (Year 2020)
Rommel L. Sytin	Php15,000.00
Robinson W. Siao	Php15,000.00
Ann Marietta L. Sytin	Php15,000.00
Constantino L. Navarro III	Php15,000.00
Eduardo H. Yap	Php15,000.00
Rafael L. Andrada	Php15,000.00
Sixto S. Esquivias IV	Php15,000.00
Joseph C. Tan	Php15,000.00

Director	Total Per Diem (Year 2021)
Rommel L. Sytin	Php25,000.00
Robinson W. Siao	Php25,000.00
Ann Marietta L. Sytin	Php25,000.00
Constantino L. Navarro III	Php25,000.00
Eduardo H. Yap	Php25,000.00
Rafael L. Andrada	Php25,000.00
Sixto S. Esquivias IV	Php25,000.00
Wilbert S. Cua	Php25,000.00

Director	Total Per Diem (Year 2022)
Rommel L. Sytin	Php25,000.00
Robinson W. Siao	Php25,000.00
Ann Marietta L. Sytin	Php25,000.00
Constantino L. Navarro III	Php25,000.00

Eduardo H. Yap	Php25,000.00
Rafael L. Andrada	Php25,000.00
Sixto S. Esquivias IV	Php25,000.00
Wilbert S. Cua	Php25,000.00

***Employment Contracts and Termination of Employment and Change-in-Control Arrangements***

There are no special employment contracts between the Corporation and the named executive officers.

There are no compensatory plans or arrangements with respect to the named executive officers.

***Warrants and Options Outstanding***

(a) Information on all outstanding warrants or options held by the registrant's CEO, the named executive officers, and all officers and directors as a group - None

(b) Exercise price of stock warrants or options - None

**Item 7. Independent Public Accountants**

Reyes Tacandong & Co. acted as the Independent Public Accountant of the Corporation for the years, 2017, 2018, 2019, 2020, 2021, and 2022. Duly authorized representatives of Reyes Tacandong & Co. are expected to be present at the annual meeting of the stockholders and they will have the opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions.

The Corporation has paid the external auditor the amount of One Hundred Thousand Pesos (Php100,000.00) per year for its audit and other audit-related services rendered from 2017 to 2019. For the 2020 and 2021 audits, the aggregate fee for professional services rendered by the external auditors is One Hundred Ten Thousand Pesos (Php110,000.00). For the 2022 audit, the Corporation paid the external auditor the amount of One Hundred Twenty-Five Thousand Pesos (Php125,000.00) for its audit-related services. Audit and other audit-related Fees include the audit of annual financial statements and interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. This is exclusive of out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed fifteen (15%) of the agreed-upon engagement fees.

In relation to the audit of the Corporation's annual financial statements, the Corporation's Corporate Governance Manual, which approved by the Board of Directors in 2017, provides that the Audit Committee, shall, among other activities, (i) discuss with the External Auditor the nature, scope, and expenses of the audit; (ii) evaluates and determines the non-audit work, if any of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses, and (iii) review and approve the interim and annual financial statements before their submission to the Board, with particular focus on any change/s in accounting policies and practices, areas where a significant amount of judgment has been exercised, and significant adjustments resulting from the audit.

**I. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

A. Change in Independent Accountant

Refer to the management report attached herein as **Annex “G”**.

B. Disagreements with former accountant on Accounting and Financial disclosure.

Refer to the management report attached herein as **Annex “G”**.

C. File as an exhibit to the report the letter from the former accountant addressed to the Commission stating whether it agrees with the same statements made by the registrant and, if not, stating the respects in which it does not agree

Refer to the management report attached herein as **Annex “G”**.

**Item 8. Compensation Plans**

The agenda of the Annual Stockholders' Meeting to be held does not include any plan pursuant to which cash or non-cash compensation may be paid or distributed.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

Item 9. Authorization or Issuance of Securities Other than for Exchange

**Not applicable**

Item 10. Modification or Exchange of Securities

**Not applicable**

Item 11. Financial and Other Information

**Not applicable**

Item 12 Mergers, Consolidations, Acquisitions and Similar Matters

**Not applicable**

Item 13. Acquisition or Disposition of Property

**Not applicable**

Item 14. Restatement of Accounts

**Not applicable**

**D. OTHER MATTERS**

Item 15. **Action with Respect to Reports**

The following are included in the agenda of the Annual Meeting of the Stockholders for approval of the stockholders:

1. Certification of notice of meeting and determination of quorum;
2. Approval of Minutes of the Annual Stockholders' Meeting held on September 15, 2022;

3. Approval of the Annual Report of Officers and the Audited Financial Statements of the Corporation as of December 31, 2022;
4. Approval and ratification of acts and proceedings of the Board of Directors, the Board Committees, and Management during their respective terms of offices;
5. Election of Board of Directors for the ensuing year;
6. Appointment of External Auditor; and
7. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2023.

The recent Annual Meeting of the Stockholders of the Corporation was held on September 15, 2022. The matters approved and recorded in the Minutes of the Annual Meeting of the Stockholders are as follows:

1. Certification of notice of meeting and determination of quorum;
2. Approval of the Minutes of the Annual Meeting of Stockholders held on September 16, 2021;
3. Annual Report of Officers and Approval of the Audited Financial Statements of the Corporation as of December 31, 2021;
4. Approval and Ratification of all acts and resolutions of the Board of Directors, the Board Committee and Management during their respective terms of offices;
5. Approval of the amendment of the Articles of Incorporation to reflect the change in the principal address of the Corporation;
6. Approval of the amendment of the By-Laws;
7. Election of the Board of Directors for the ensuing year;
8. Appointment of External Auditor; and
9. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2022.

The Annual Meeting of the Stockholders was attended by stockholders, the Board of Directors, and various officers of the Corporation. The attendance report is as follows:

	<b>STOCKHOLDERS</b>	<b>POSITION</b>	<b>NO. OF SHARES</b>
1.	Ann Marietta L. Sytin	Director	98,583,459
2.	Robinson W. Siao	Vice Chairman / President / CEO	29,000,001
3.	Rommel L. Sytin	Chairman / Treasurer	500,001
4.	Eduardo H. Yap	Director	850,000
5.	Regis V. Puno	Director	1
6.	Constantino L. Navarro III	Director	1
7.	Rafael L. Andrada	Independent Director	1
8.	Wilbert S. Cua	Independent Director	1
9.	Sixto S. Esquivias IV	Independent Director	1
10.	Value Quest Securities Corporation (By Proxy)	N/A	4
Total number of shares present and represented at the meeting			128,933,470
Total number of shares outstanding			193,544,176 (excluding 100,028 treasury shares)

The stockholders were allowed to cast their votes on each agenda item presented to them for approval. The stockholders were also given the opportunity to ask questions, express opinion, and make suggestions on various issues related to the Corporation. No questions or comments were submitted by any of the stockholders during the meeting. The Minutes of the Annual Meeting of the Stockholders held on September 15, 2022 may be viewed and/or downloaded at <https://www.lmg.ph/pages/2022-annual-stockholders-meeting>.

The results of the voting for each agenda item are as follows:

1. Certification of notice of meeting and determination of quorum

A quorum was present by the presence, in person and by proxy, of stockholders entitled to vote which represent 128,933,470 shares or 66.62% of the total issued and outstanding shares of the Corporation.

2. Approval of the Minutes of the Annual Meeting of Stockholders held on September 16, 2021

The minutes were approved by stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

3. Annual Report of Officers and Approval of the Audited Financial Statements of the Corporation as of December 31, 2021 and Ratification of all acts and resolutions of the Board of Directors and Management

The report on the results of operations and financial performance of the Corporation for the year ended December 31, 2021 was noted and the audited financial statements for the same year and acts of the Board of Directors and Officers of the Corporation were approved by stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

4. Approval and Ratification of all acts and resolutions of the Board of Directors, the Board Committee and Management during their respective terms of offices.

The resolutions approved by the Board of Directors during the September 16, 2021 Organizational Board Meeting as well as the resolutions approved in Special Meetings and other matters reported to the Securities and Exchange Commission and the Philippine Stock Exchange were duly disclosed and approved by the stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

5. Approval of the amendment of the Articles of Incorporation to reflect the change in the principal address of the Corporation.

The draft of the amended Articles of Incorporation was presented and approved by the stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

6. Approval of the amendment of the By-Laws to reflect the denial of pre-emptive right as stated in the Amended Articles of Incorporation, to reflect incorporate the changes introduced by the Revised Corporation Code, and to correct typographical errors.

The draft of the amended By-Laws was presented and approved by the stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

7. Election of the Board of Directors for the ensuing year

Nominee	Votes in Favor		Votes Against	
	Number of Shares	% to Total Outstanding Shares	Number of Shares	% to Total Outstanding Shares
Ann Marietta L. Sytin	128,933,470	66.62%	0	0
Rommel Ly. Sytin	128,933,470	66.62%	0	0
Robinson W. Siao	128,933,470	66.62%	0	0
Constantino L. Navarro III	128,933,470	66.62%	0	0
Regis V. Puno	128,933,470	66.62%	0	0
Eduardo H. Yap	128,933,470	66.62%	0	0
Rafel L. Andrada	128,933,470	66.62%	0	0
Sixto S. Esquivias IV	128,933,470	66.62%	0	0
Wilbert S. Cua	128,933,470	66.62%	0	0

8. Appointment of External Auditor

The appointment of the auditing firm Reyes Tacandong & Co. as the external auditor of the Corporation for the fiscal year ended June 30, 2022 was approved by stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

9. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2022

The corporate acts of the officers of the Corporation and the Integrated Annual Corporate Governance Report as of May 30, 2022 were presented and approved by stockholders holding 128,933,470 shares which represent 66.62% of the total issued and outstanding shares of the Corporation. No stockholder voted against or abstained from voting on this agenda item.

For the Annual Stockholders' Meeting to be held on October 26, 2023, the Audited Financial Statements for the period ending 2022 and the SEC Form 17-Q for the second quarter of 2023 will be submitted to the shareholders for their approval.

We enclose copies of the following:

- I. Audited Financial Statements as at and for the period ended December 31, 2022 with the Statement of Management's Responsibility (**Annex "C-1"**);
- II. Interim Unaudited Financial Statements ending June 30, 2023 (**Annex "C-2"**);
- III. SEC Form 17-Q Report for the quarterly period ended June 30, 2023 (**Annex "D"**);
- III. Summary of the Minutes of the last Annual Stockholders Meeting held on September 15, 2022 and duly disclosed to the Securities and Exchange Commission ("**SEC**") (**Annex "E"**); and

IV. Summary of the Resolutions approved by the Board of Directors (**Annex “F”**)

Item 16. Matters Not Required to be Submitted

**Not applicable**

Item 17. Amendment of Charter, Bylaws or Other Documents

**Not applicable**

Item 18. Other Proposed Action

**Not applicable**

Item 19. Voting Procedures

As of September 21, 2023, the total number of outstanding shares entitled to vote is 193,544,176 with a par value of one peso (Php1.00) per share. Each share is entitled to one (1) vote.

A stockholder may vote in person, through a proxy, through remote communication or in absentia, subject to the compliance with the procedures and requirements of the subject to the compliance with the procedures and requirements issued by the SEC. The method by which votes will be counted would be by viva voce or by ballot if required by any voting stockholder. The votes will be counted by the Vice-Chairman of the Board with the assistance of the Corporate Secretary.

Item 20. **Corporate Governance**

Refer to the management report attached herein as **Annex “G”**.

Item 21. **Management's Discussion and Analysis or Plan of Operation**

***Plan of Operation***

Refer to the management report attached herein as **Annex “G”**.

***Management's Discussion and Analysis***

Refer to the management report attached herein as **Annex “G”**.

***Results of Operations***

Refer to the management report attached herein as **Annex “G”**.

Item 22. **Brief description of the general nature and scope of the business of the registrant and its subsidiaries**

The Corporation (formerly known as LMG Chemicals Corp.) was incorporated on August 19, 1970 as an industrial chemicals manufacturer and distributor.

In October 2007, the Board of Directors of LMG approved the transfer of its properties to its two (2) wholly-owned subsidiaries, Chemphil Marketing Corp (“**CMC**”) and LMG Land Development Corp (“**LMG Landco**”). The said transfers were under the property-for-equity

scheme whereby CMC and LMG Landco issued their respective shares of stocks to LMG in December 2007.

In February 2008, the SEC approved the request of CMC to change its name to Chemphil Manufacturing Corp.

In August 2008, LMG and LMG Landco together with Chemical Industries of the Philippines (“**CIP**”) entered into a Shares and Asset Purchase Agreement with Chemoil Fuel Philippines, Inc and Chemoil Energy Philippines, Inc. to sell and transfer the entire LMG shares in LMG Landco and to sell the property owned by CIP in Pinamucan, Batangas to Chemoil Fuel Philippines and Chemoil Energy Philippines, Inc., respectively.

In October 2009, the Board of Directors of LMG declared LMG’s investment in the shares of CMC and Kemwater Phil Corp (“**KPC**”) as property dividends. They also approved the assignment of LMG’s receivables from Chemoil, Inc. and CMC amounting to Php44.4 million and Php72.5 million, respectively to the Corporation’s stockholders, in proportion to their shareholdings in the Corporation.

In December 2009, a Deed of Assignment was executed to assign LMG’s rights, titles and interest over the shares in CMC and KPC to the stockholders of LMG in proportion to their respective shareholdings.

LMG is not involved in bankruptcy, receivership or similar proceedings.

In December 2017, a group of new investors (the “**Investors**”) acquired 65.92% ownership of the Corporation. As part of the acquisition, the Investors and the previous majority stockholder have agreed on the settlement of the receivables of Php179.0 million. The Investors intend to integrate its existing business involved in the infrastructure and heavy machineries with the Corporation. The Corporation has no subsidiaries, co-subsidiaries, nor associates.

#### Item 23. **Market Price and Dividends**

##### ***Market Information***

Refer to the management report attached herein as **Annex “G”**.

<b>PART II.</b>
-----------------

#### **INFORMATION REQUIRED IN A PROXY FORM**

**Not applicable**

<b>PART III.</b>
------------------

The registrant, upon the written request of a stockholder, undertakes to furnish said stockholder a copy of the SEC Form 17-A report, free of charge. Such written request should be directed to: LMG Corp. to the attention of Mr. Ronald Ian W. Ching, at 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

The management report attached herein as **Annex “G”**.



## SIGNATURE PAGE

After reasonable inquiry and to the best of our knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on September 29, 2023.

**LMG Corp.**

By:



**ROBINSON W. SIAO**

**Chief Executive Officer, President and Vice-Chairman of the Board of the Directors**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of **LMG CORP.** will be held on October 26, 2023, Thursday, 9:30 a.m., through remote communication (videoconferencing on Zoom).

A. The Agenda<sup>1</sup> of the meeting is as follows:

- 1) Call to order
- 2) Certification of notice and determination of existence of quorum
- 3) Approval of Minutes of the Stockholders’ Meetings held on September 15, 2022<sup>2</sup>
- 4) Approval of Annual Report of Officers and the Audited Financial Statements of the Corporation as of December 31, 2022
- 5) Approval and ratification of acts and proceedings of the Board of Directors, the Board Committees and Management during their respective terms of offices
- 6) Election of Board of Directors for the ensuing year
- 7) Appointment of External Auditor
- 8) Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2023
- 9) Other Business that may be brought before the meeting
- 10) Adjournment

B. Link to the 2023 Annual Stockholders’ Meeting

The Zoom link to the 2023 Annual Stockholders’ Meeting will be given to the stockholders upon the validation of the notification to be sent by the stockholder as discussed in Section C below.

Proxies shall be submitted on or before October 11, 2023 addressed to the attention of the Corporate Secretary at the principal office or through email at [lrquerido@punolaw.com](mailto:lrquerido@punolaw.com).

C. Notification Procedure

---

<sup>1</sup> The rationale for each Agenda item is explained in the attached **Annex “A”**.

<sup>2</sup> A summary of the Minutes of the Annual Meeting of the Stockholders held on September 15, 2022 is attached to Preliminary Information Statement as **Annex “E”**.

A stockholder who will attend the Annual Stockholders' Meeting via remote communication shall notify in advance the Vice-Chairman of the Board of Directors and the Corporate Secretary of his/her intention.

The notification shall be sent to [lrquerido@punolaw.com](mailto:lrquerido@punolaw.com) with the email subject "**LMG Corp.: 2023 Notification\_[Name of Stockholder]**". The body of the notification shall indicate the name of the stockholder, the number of shares held by the stockholder, and a statement that he/she shall participate in the 2023 Annual Stockholders' Meeting via remote communication. The stockholder shall likewise attach to the notification any form of identification, such as passport, driver's license, or any other government-issued ID. The notification shall be sent no later than **October 11, 2023**.

D. Manner of casting of votes and the period during which vote by remote communication

As the 2023 Annual Stockholders' Meeting will be held via remote communication, the method by which votes will be counted would be by viva voce. The votes will be counted by the Vice-Chairman of the Board with the assistance of the Corporate Secretary.

The stockholders of record as of October 5, 2023 are entitled to notice of, and to vote at, this year's Annual Meeting. Stockholders unable to attend the Annual Meeting in person may execute and deliver a proxy. Proxies shall be submitted **on or before October 11, 2023** addressed to the attention of the Corporate Secretary. Validation of proxies is set on **October 17, 2023 at 12:00 noon** at Unit 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines.

There will be a visual and audio recording of the 2023 Annual Stockholders' Meeting.

  
**RANULFO GERARDO V. PAYOS, JR.**  
Corporate Secretary

**AGENDA**  
**DETAILS AND RATIONALE**

**I. Call to Order.**

The Vice-Chairman, Mr. Robinson Siao, will formally open the 2023 Annual Meeting of the Stockholders of LMG CORP. (the “Corporation”).

**II. Certification of notice and determination of existence of quorum.**

The Corporate Secretary, Mr. Ranulfo Gerardo V. Payos, Jr., will certify that copies of the Notice of this Meeting have been duly sent to all stockholders of record, and will attest whether a quorum is present for the valid transaction of the Annual Meeting of the Stockholders in the Agenda.

**III. Approval of Minutes of the Annual Stockholders’ Meeting held on September 15, 2022.**

Copies of the Minutes are distributed prior to the date of the Annual Meeting of the Stockholders. Stockholders will be asked to approve the Minutes. Below is the text of the proposed resolution:

**“RESOLVED**, that the stockholders of LMG Corp. (the “Corporation”) hereby approve the Minutes of the Annual Meeting of the Shareholders of the Corporation held on September 15, 2022.”

**IV. Approval of the Annual Report of Officers and the Audited Financial Statements of the Corporation as of December 31, 2022**

The Corporation’s audited financial statements as of December 31, 2022 are integrated and made part of the Corporation’s Information Statement and sent to eligible stockholders pursuant to the requirements of the Securities Regulation Code. A resolution approving the 2022 audited financial statements shall be presented to the stockholders for approval. A resolution on this agenda requires the approval of majority of the votes of stockholders eligible to vote.

Below is the text of the proposed resolution:

**“RESOLVED**, that the stockholders of LMG Corp. (the “Corporation”) hereby approve the 2022 audited financial statements of the Corporation.”

**V. Approval and ratification of acts and proceedings of the Board of Directors, the Board Committees and Management during their respective terms of offices.**

The resolutions approved by the Board in its regular and special meetings were enumerated in the Corporation’s Information Statement. These cover matters entered into in the ordinary course of business, with those of significance having been covered by the proper disclosures to

the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange (“PSE”). These material disclosures are available for viewing and can be downloaded at the PSE Edge’s website at:

- 1) [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=b384b79624311a119e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=b384b79624311a119e4dc6f6c9b65995)
- 2) [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=50a225fc011d295d9e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=50a225fc011d295d9e4dc6f6c9b65995)
- 3) [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=6cb9ab913bf0207c9e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=6cb9ab913bf0207c9e4dc6f6c9b65995)
- 4) [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=8215aecfbfb73c59e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=8215aecfbfb73c59e4dc6f6c9b65995)
- 5) [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=16052047068beeb29e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=16052047068beeb29e4dc6f6c9b65995)
- 6) [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=dd452499a5e566d39e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=dd452499a5e566d39e4dc6f6c9b65995)
- 7) [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=672bb9b7a2bafb419e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=672bb9b7a2bafb419e4dc6f6c9b65995)
- 8) [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=5f82552fa847c8ee9e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=5f82552fa847c8ee9e4dc6f6c9b65995)

A resolution to ratify the acts, resolutions, and proceedings of the Board of Directors, corporate officers, and management in 2023 up to the date of the Annual Meeting of the Stockholders shall be presented to the stockholders for approval. A resolution on this agenda requires the approval of a majority of the votes of stockholders eligible to vote.

Below is the text of the proposed resolution:

**“RESOLVED**, that the stockholders of LMG Corp. (the “Corporation”) hereby approve, ratify and confirm all the corporate acts and transactions, including the acts of the Board of Directors and the management, since the last annual meeting of the stockholders, as reflected in the minutes of meetings, financial statements and other records of the Corporation.”

## **VI. Election of Board of Directors for the ensuing year.**

The Vice-Chairman will present to the stockholders the nominees for election as members of the Board of Directors of the Corporation, including the nominees as independent directors. The profiles of the nominees to the Board of Directors are to be provided in the Information Statement for reference of the stockholders.

The stockholders will cast their votes for the nominees they want to elect to the Board of Directors of the Corporation. The tabulation and validation of votes will be conducted by the Corporate Secretary or an independent party to be engaged by the Corporation. A stockholder may distribute his/her shares for as many nominees as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected, provided that the total number of votes cast does not exceed his/her shares in the

Company. The nine nominees receiving the highest number of votes will be declared elected as directors of the Corporation.

**VII. Appointment of External Auditor.**

The Audit Committee of the Corporation recommends the appointment of Reyes Tacandong & Co. as external auditors for the ensuing year. The profile of the firm is duly indicated in the Information Statement. A resolution on this agenda required the approval of a majority of the votes of stockholders. Below is the text of the proposed resolution:

“**RESOLVED**, that the stockholders of LMG Corp. (the “Corporation”) hereby appoint Reyes Tacandong & Co. as the Corporation’s external auditor for calendar year 2023 to 2024.”

**VIII. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2023.**

The Corporation’s Integrated Annual Corporate Governance Report (the “2022 I-ACGR”) was filed with the SEC and PSE on May 30, 2023 which is accessible through the PSE website at [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=2f7e95ca5b5649de9e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=2f7e95ca5b5649de9e4dc6f6c9b65995). In the 2022 I-ACGR, the Corporation committed to undertake actions to comply with the recommendations set out in the 2022 I-ACGR. In this regard, the Board has, is, will do acts to comply with applicable recommendations under the 2022 I-ACGR. A resolution on this agenda requires the approval of a majority of the votes of stockholders. Below is the text of the proposed resolution:

“**RESOLVED**, that the stockholders of LMG Corp. (the “Corporation”) hereby approves, ratifies, and confirms all the corporate acts and transactions, including the acts of the Board of Directors and the management, to comply with the recommendations set out in the 2022 Integrated Annual Corporate Governance Report.”

**IX. Other Business that may be brought before the meeting.**

This covers consideration of other business that may properly come before the meeting. The Vice-Chairman of the meeting will open the floor for any comments, questions, or points of clarification from stockholders.

**X. Adjournment.**

After consideration of all business, the Vice-Chairman shall declare the meeting adjourned. This formally ends the 2023 Annual Meeting of Stockholders of the Corporation.

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, Rafael L. Andrada, Filipino, of legal age and a resident of 7 Legaspi Street, Alabang Hills, Muntinlupa City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of LMG Corp. and have been its independent director since 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
ABS-CBN Corporation	Independent Director	May 2023 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of LMG Corp., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

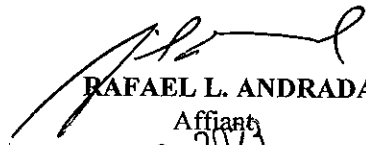
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

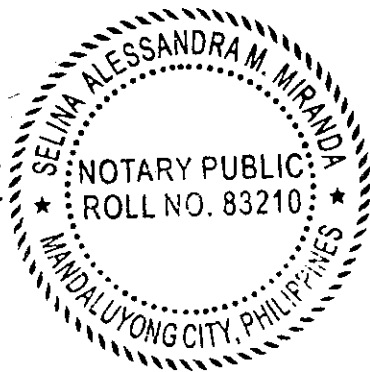
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of LMG Corp. of any changes in the abovementioned information within five days from its occurrence.


Done this SEP 20 2023 at MANDALUYONG CITY.

  
**RAFAEL L. ANDRADA**  
Affiant

SUBSCRIBED AND SWORN to before me this SEP 20 2023 at MANDALUYONG CITY  
affiant personally appeared before me and exhibited to me his Passport No. P6152715B issued at DFA NCR South on 22 January 2021 and expiring on 21 January 2031.

Doc No. 497  
Page No. 103  
Book No. I  
Series of 2023.



  
**ATTY. SELINA ALESSANDRA M. MIRANDA**  
Notary Public for Mandaluyong City  
Appointment No. 0638-23 (until December 2024)  
33rd Floor, The Podium West Tower  
12 ADB Avenue, Ortigas Center, Mandaluyong City 1550  
Roll of Attorneys No. 83210  
PTR No 3123938/01 04.2023/Mandaluyong City  
IBP No. 230554/06 08 2022/Quezon City



## CERTIFICATION OF INDEPENDENT DIRECTOR

I, Wilbert S. Cua, Filipino, of legal age and a resident of 2 Cabbage St., Valle Verde 5, Pasig City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of LMG Corp. and have been its independent director since 2021.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Imetal Philippines Corp.	President	October 2019 to Present
Brightstep Ventures Inc.	President	July 2015 to Present
Southlight Technology & Distribution	Corporate Secretary	July 2015 to Present
John Wilter Land, Inc.	Vice President and General Manager	January 2019 to Present
Alaska Land, Inc.	Vice President	January 2023 to Present
Springhill Holdings Corp.	General Manager	January 2019 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of LMG Corp., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an independent director in

N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of LMG Corp. of any changes in the abovementioned information within five days from its occurrence.


Done this SEP 20 2023 at MANDALUYONG CITY.

  
WILBERT S. CUA  
Affiant

SUBSCRIBED AND SWORN to before me this SEP 20 2023 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his Passport No. P8794179B issued at DFA Manila on January 28, 2022 expiring on January 27, 2032.

Doc No. 496  
Page No. 99  
Book No. E  
Series of 2023.



  
ATTY. SELINA ALESSANDRA M. MIRANDA  
Notary Public for Mandaluyong City  
Appointment No. 0638-23 (until December 2024)  
33rd Floor, The Podium West Tower  
12 ADB Avenue, Ortigas Center, Mandaluyong City 1550  
Roll of Attorneys No. 83210  
PTR No. 3123938/01 04.2023/Mandaluyong City  
IBP No. 230554/06 08 2022/Quezon City

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, Sixto S. Esquivias IV, Filipino, of legal age and a resident of 28 Kaimito Ave. Town & Country Executive Village Marcos Highway, Antipolo Rizal, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of LMG Corp. and have been its independent director since 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
The Law Firm of Esquivias and Vidanes Co.	Managing Partner	February 2023 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of LMG Corp., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of LMG Corp. of any changes in the abovementioned information within five days from its occurrence.

Done this SEP 20 2023 at MANDALUYONG CITY.

  
SIXTO S. ESQUIVIAS IV

Affiant


SEP 20 2023

at MANDALUYONG CITY

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at \_\_\_\_\_, affiant personally appeared before me and exhibited to me his Passport No. P5965094A issued at DFA Manila on February 9, 2018 expiring on February 8, 2028.

Doc No. 491  
Page No. 100  
Book No. I;  
Series of 2023.



  
**ATTY. SELINA ALESSANDRA M. MIRANDA**  
Notary Public for Mandaluyong City  
Appointment No. 0638-23 (until December 2024)  
33rd Floor, The Podium West Tower  
12 ADB Avenue, Ortigas Center, Mandaluyong City 1550  
Roll of Attorneys No. 83210  
PTR No 3123938/01.04.2023/Mandaluyong City  
IBP No. 230554/06 08 2022/Quezon City

REPUBLIC OF THE PHILIPPINES)  
MANDALUYONG CITY )S.S

**CERTIFICATION**

I, **RANULFO GERARDO V. PAYOS, JR.**, Filipino, of legal age, with office address at 33<sup>rd</sup> Floor, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City, after having been sworn according to law, hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of **LMG CORP.** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal address at 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila;

2. There are no directors, independent directors, and officers of the Corporation who are currently appointed in, are employees of, or are affiliated with any government office, agency, instrumentality, or government-owned or controlled corporation;

3. The foregoing statements are true and correct and in accordance with the records of the Corporation.

  
**RANULFO GERARDO V. PAYOS, JR.**  
*Corporate Secretary*

**COVER SHEET**for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

4 2 0 2 0

**COMPANY NAME**

L M G C O R P .

**PRINCIPAL OFFICE** (No./Street/Barangay/City/Town/Province)1 0 0 6 B W E S T T O W E R , P H I L I P P I N E S T O C K  
E X C H A N G E C E N T R E , E X C H A N G E R O A D ,  
O R T I G A S C E N T E R , P A S I G C I T Y

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

**COMPANY INFORMATION**

Company's Email Address

castelaw@gmail.com

Company's Telephone Number/s

(02) 8-636-6684

Mobile Number

0917-848-0042

No. of Stockholders

23

Annual Meeting (Month / Day)

September/3rd Thursday

Calendar Year (Month / Day)

December 31

**CONTACT PERSON'S INFORMATION**The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ronald Ian W. Ching

Email Address

ianching@hotmail.com

Telephone Number/s

(02) 8-636-6684

Mobile Number

0927-240-1901

**CONTACT PERSON'S ADDRESS**

1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig 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 shall not excuse the corporation from liability for its deficiencies.



## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
LMG Corp.  
1006B West Tower, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

### Report on the Audit of the Financial Statements

#### *Opinion*

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

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

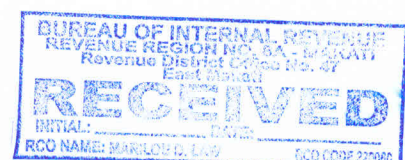
#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

We have determined that there are no key audit matters to communicate in our report.





*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 including the sustainability report for the year ended December 31, 2022, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report including the sustainability report are expected to be made available to us after the date of this auditors' report.

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

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

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

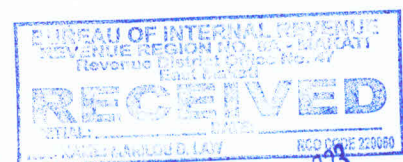
Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud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

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

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





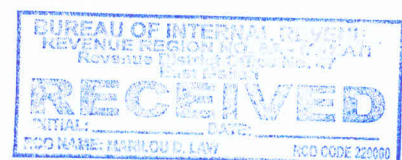


As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



APR 14 2023



The engagement partner on the audit resulting in this independent auditors' report is Joseph C. Bilangbilin.

**Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 16 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**REYES TACANDONG & Co.**

JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 102884-SEC Group A

Issued December 27, 2022

Valid for Financial Periods 2022 to 2026

BIR Accreditation No. 08-005144-011-2023

Valid until January 24, 2026

PTR No. 9564564

Issued January 3, 2023, Makati City

March 28, 2023

Makati City, Metro Manila



APR 14 2023



# LMG Corp.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

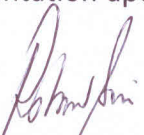
The Management of **LMG Corp.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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

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

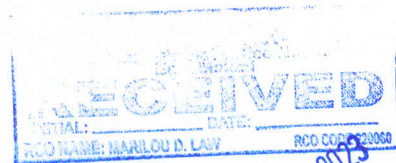
The Board of Directors reviews and approves the financial statements including schedules attached therein, and submits the same to the stockholders.

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

  
Robinson W. Siao  
President and Chief Executive Officer

  
Rommel L. Sytin  
Chairman of the Board and Treasurer

Signed this 28th day of March 2023



APR 14 2023



# LMG Corp.

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

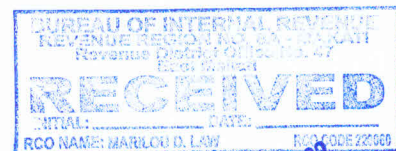
The Management of **LMG Corp.** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

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

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

  
Robinson W. Siao  
President and Chief Executive Officer

  
Rommel L. Sytin  
Chairman of the Board and Treasurer



APR 14 2023

Signed this 28th day of March 2023

**LMG CORP.**  
**STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	2022	2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	<b>₱53,205,259</b>	₱54,971,652
Financial assets at fair value through profit or loss (FVPL)	5	<b>210,045,340</b>	200,462,250
Receivables	6	<b>1,405,154</b>	15,551,285
Other current assets	7	<b>1,283,577</b>	1,004,295
		<b>₱265,939,330</b>	₱271,989,482
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	8	<b>₱211,615</b>	₱195,460
<b>Equity</b>			
Capital stock	9	<b>193,644,204</b>	193,644,204
Additional paid-in capital		<b>51,480,533</b>	51,480,533
Retained earnings		<b>20,891,978</b>	26,958,285
Treasury stock - at cost	9	<b>(289,000)</b>	(289,000)
Total Equity		<b>265,727,715</b>	271,794,022
		<b>₱265,939,330</b>	₱271,989,482

*See accompanying Notes to Financial Statements.*



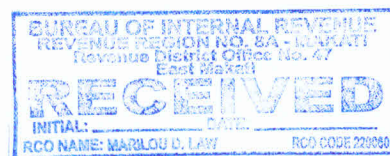
APR 14 2023

**LMG CORP.**

**STATEMENTS OF COMPREHENSIVE INCOME**

		Years Ended December 31		
	Note	2022	2021	2020
<b>REVENUES</b>				
Dividend income	5	₱10,285,864	₱5,093,220	₱1,223,620
Net realized gains on sale of trading securities	5	2,916,618	8,029,481	20,007,722
Interest income	4	724,127	326,795	1,614,974
Net unrealized gain on valuation of financial assets at FVPL	5	–	36,261,776	19,344,292
		<b>13,926,609</b>	<b>49,711,272</b>	<b>42,190,608</b>
<b>NET UNREALIZED LOSS ON VALUATION OF FINANCIAL ASSETS AT FVPL</b>				
	5	<b>(17,268,389)</b>	–	–
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
	10	<b>(2,724,527)</b>	<b>(3,664,872)</b>	<b>(4,341,944)</b>
<b>NET INCOME (LOSS)</b>				
		<b>(6,066,307)</b>	<b>46,046,400</b>	<b>37,848,664</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
		–	–	–
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>				
		<b>(₱6,066,307)</b>	<b>₱46,046,400</b>	<b>₱37,848,664</b>
<b>BASIC/DILUTED INCOME (LOSS) PER SHARE</b>				
	13	<b>(₱0.031)</b>	<b>₱0.238</b>	<b>₱0.196</b>

See accompanying Notes to Financial Statements.



APR 14 2023

LMG CORP.

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock	Total
Balances at December 31, 2021	₱193,644,204	₱51,480,533	₱26,958,285	(₱289,000)	₱271,794,022
Net loss	—	—	(6,066,307)	—	(6,066,307)
Balances at December 31, 2022	₱193,644,204	₱51,480,533	₱20,891,978	(₱289,000)	₱265,727,715
Balances at December 31, 2020	₱193,644,204	₱51,480,533	(₱19,088,115)	(₱289,000)	₱225,747,622
Net income	—	—	46,046,400	—	46,046,400
Balances at December 31, 2021	₱193,644,204	₱51,480,533	₱26,958,285	(₱289,000)	₱271,794,022
Balances at December 31, 2019	₱193,644,204	₱51,480,533	(₱56,936,779)	(₱289,000)	₱187,898,958
Net income	—	—	37,848,664	—	37,848,664
Balances at December 31, 2020	₱193,644,204	₱51,480,533	(₱19,088,115)	(₱289,000)	₱225,747,622



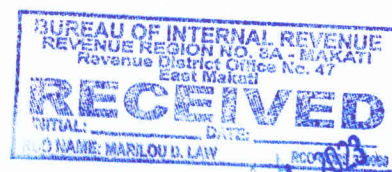
APR 14 2023.

**LMG CORP.**

**STATEMENTS OF CASH FLOWS**

		<b>Years Ended December 31</b>		
	Note	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) before income tax		(P6,066,307)	P46,046,400	P37,848,664
Adjustments for:				
Unrealized loss (gain) on valuation of financial assets at FVPL	5	17,268,389	(36,261,776)	(19,344,292)
Dividend income	5	(10,285,864)	(5,093,220)	(1,223,620)
Interest income	4	(724,127)	(326,795)	(1,614,974)
Operating income before working capital changes		192,091	4,364,609	15,665,778
Decrease (increase) in:				
Financial assets at FVPL		(26,851,479)	(59,967,974)	(84,888,208)
Receivable from stockbroker		14,194,584	23,897,026	(34,308,867)
Other current assets		(279,282)	(254,598)	(297,687)
Increase (decrease) in accrued expenses and other payables		16,155	(75,055)	(658)
Net cash used for operations		(12,727,931)	(32,035,992)	(103,829,642)
Dividends received		10,285,864	-	1,223,620
Interest received		675,674	314,964	2,580,554
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,766,393)</b>	<b>(31,721,028)</b>	<b>(100,025,468)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>54,971,652</b>	<b>86,692,680</b>	<b>186,718,148</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>P53,205,259</b>	<b>P54,971,652</b>	<b>P86,692,680</b>

*See accompanying Notes to Financial Statements.*





---

## LMG CORP.

### NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 AND 2021 AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

---

#### 1. General Information

##### Corporate Information

LMG Corp. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 19, 1970. The Company operates as a holding company.

The common shares of the Company were listed beginning January 7, 1986 and have been traded in the Philippine Stock Exchange (PSE) since then.

The registered office address of the Company is 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

The financial statements of the Company as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020, were approved and authorized for issuance by the BOD on March 28, 2023.

---

#### 2. Summary of Significant Accounting Policies

##### Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

##### Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. 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 Company uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the following valuation techniques:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to financial statements:

- Note 5 - Financial Assets at FVPL
- Note 15 - Fair Value Measurement

#### **Adoption of Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amended PFRS, which the Company adopted effective January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.
- Annual Improvement to PFRS 2018 to 2020 Cycle -
  - o Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is 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 the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of these amended PFRS did not materially affect the Company’s financial statements.

**Amended PFRS Issued But Not Yet Effective**

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

Effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

Effective January 1, 2024:

- Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the Company's financial statements. Additional disclosures will be included in the financial statements, as applicable.

### **Financial Instruments**

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

*Date of Recognition.* The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*"Day 1" Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data at inception date, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

### **Financial Assets**

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at FVPL, includes transaction cost.

*Classification.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI) and (c) financial assets at FVPL. The classification of a financial instrument largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

As at December 31, 2022 and 2021, the Company does not have financial assets at FVOCI.

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Company's cash and cash equivalents and receivables are classified under this category (see Notes 4 and 6).

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Short-term placements are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

*Financial Assets at FVPL.* Financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Company may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

This category also includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2022 and 2021, the Company's investments in various listed equity securities are classified under this category (see Note 5).

*Reclassification.* The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new carrying amount.

*Impairment of Financial Assets at Amortized Cost.* The Company assesses on a forward-looking basis the expected credit loss (ECL) associated with all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual term.

For other debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort that is indicative of significant increases in credit risk since initial recognition.

Financial assets at amortized cost are written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the counterparty does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

*Derecognition.* A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

## **Financial Liabilities**

*Initial Recognition and Measurement.* Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized cost, the initial measurement is net of any directly attributable transaction costs.

*Classification.* The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2022 and 2021, the Company does not have financial liabilities at FVPL.

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2022 and 2021, the Company's accrued expenses and other payables (excluding statutory payables) is classified under this category (see Note 8).

*Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

*Classification of Financial Instrument between Liability and Equity.* A financial instrument is classified as liability 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 Company; 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 Company 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.

## **Offsetting of Financial Assets and Liabilities**

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

### **Other Current Assets**

Other current assets consist of input value-added taxes (VAT) and prepayments.

*Input VAT.* VAT is a tax on consumption levied on the sale, barter, exchange or lease of goods, or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses and assets are generally recognized net of the amount of VAT. Input VAT is recognized to the extent that it is recoverable. Any excess input VAT assessed as unrecoverable is provided with allowance for impairment.

*Prepayments.* Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

### **Impairment of Nonfinancial Assets**

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued and outstanding.

*Additional Paid-in Capital (APIC).* APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the issued shares. Incremental costs directly attributable to the issuance of new capital stock are recognized as a deduction from APIC, net of any tax effects.

*Retained Earnings (Deficit).* Retained earnings (deficit) represent the cumulative balance of net income or loss, net of any dividend declarations. At each reporting date, net income or loss of the Company is transferred to retained earnings. When the retained earnings amount has a debit balance, it is called 'deficit'. A deficit is a deduction from equity.



*Treasury Stock.* Treasury stock pertains to the Company's capital stock which were reacquired, recorded at cost and is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale or cancellation of the Company's capital stock. Any difference between the carrying amount and the consideration received, if any, upon reissuance or cancellation of shares is recognized as additional paid-in capital. Voting rights related to treasury stock are nullified for the Company and no dividends are allocated to them.

### **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met for other revenues outside the scope of PFRS 15, *Revenue from Contracts with Customers*:

*Trading Gains on Financial Assets at FVPL.* Trading gains on financial assets at FVPL include all gains and losses from changes in fair value and disposal of financial assets at FVPL. Unrealized gains or losses are recognized in profit or loss upon remeasurement of the financial assets at FVPL at each reporting date. Gains or losses from sale of financial assets at FVPL are recognized in profit or loss upon confirmation of trade deals.

*Interest income.* Interest income is recognized in profit or loss as it accrues taking into account the effective yield on the asset, net of final taxes.

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

### **Expense Recognition**

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. These are expensed as incurred.

### **Income Taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

#### **Related Party Transactions**

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

#### **Segment Reporting**

The Company reports separate information about each operating segment identified. An operating segment is a component of the Company that engages in business activities: from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components; from whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment; and for which discrete information is available.

### **Provisions and Contingencies**

*Provisions.* Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

### **Income (Loss) per Share**

Basic income (loss) per share is calculated by dividing the net income (loss) (less preferred dividends net of tax, if any) for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

As the Company has no dilutive potential common shares outstanding, basic and diluted EPS are stated at the same amount.

### **Events After the Reporting Date**

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

---

### **3. Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS requires management to exercise judgments and make accounting estimates and assumptions that affect the reported amounts in the financial statements and related notes. The judgments, accounting estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

The following are the significant judgments, accounting estimates and assumptions made by the Company:

### **Judgments**

*Classification of Financial Assets.* Classification and measurement of financial assets depend on the results of the contractual cash flow and the business model tests. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Company irrevocably designated its investments in listed equity securities as financial assets at FVPL (see Note 5).

Cash and cash equivalents and receivables were classified as financial assets at amortized cost. (see Notes 4 and 6).

### **Accounting Estimates and Assumptions**

*Assessment for Impairment Losses on Financial Assets at Amortized Cost.* The Company determines the allowance for impairment losses using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. Impairment loss is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Company also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant increase in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the impairment losses on financial assets at amortized cost are not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and a related party with good credit standing and relatively low risk of defaults except for receivables.

No provision for impairment losses on financial assets at amortized cost was recognized in 2022, 2021 and 2020. Allowance for impairment losses on nontrade receivables amounted to ₱62,912,858 as at December 31, 2022 and 2021 (see Note 6).

The carrying amounts of the Company's financial assets at amortized cost are as follows:

	Note	2022	2021
Cash and cash equivalents*	4	<b>₱53,195,259</b>	₱54,961,652
Receivables	6	<b>1,405,154</b>	15,551,285

\*Excluding cash on hand amounting to ₱10,000 as at December 31, 2022 and 2021.

*Assessment for Impairment of Nonfinancial Assets.* The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The estimated future cash flows are projected using growth rates based on historical experience and business plans and are discounted using a pre-tax discount rate that reflects the current assessment of the time value of money and the risks specific to the asset.

There were no impairment losses on input VAT in 2022, 2021, and 2020. The carrying amount of other nonfinancial assets amounted to ₱1,283,577 and ₱1,004,295 as at December 31, 2022 and 2021, respectively (see Note 7).

*Recognition of Deferred Tax Assets.* The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance 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.

Deductible temporary difference and carryforward benefits of NOLCO aggregating to ₱73,644,201 and ₱72,844,128 as at December 31, 2022 and 2021, respectively, were not recognized as deferred tax assets. Management assessed that these may not be utilized in the future as tax deductions (see Note 12).

---

#### 4. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	<b>₱10,000</b>	₱10,000
Cash in banks	<b>596,930</b>	638,782
Short-term placements	<b>52,598,329</b>	54,322,870
	<b>₱53,205,259</b>	₱54,971,652

---

Cash in banks earn interest at prevailing bank deposit rates and are available for use in the Company's current operations. Short-term placements are made for varying periods of up to three (3) months and earn annual interest rates ranging from 0.50% to 4.25% per annum in 2022 and 0.63% to 3.50% per annum in 2021 and 2020.

Details of interest income are as follows:

	2022	2021	2020
Short-term placements	<b>₱723,913</b>	₱325,851	₱1,612,335
Cash in banks	<b>214</b>	944	2,639
	<b>₱724,127</b>	₱326,795	₱1,614,974

## 5. Financial Assets at FVPL

Financial assets at FVPL represent listed equity securities held by the Company for trading purposes amounting to ₱210,045,340 and ₱200,462,250 as at December 31, 2022 and 2021, respectively.

Dividend income earned from financial assets at FVPL amounted to ₱10,285,864, ₱5,093,220 and ₱1,223,620 in 2022, 2021 and 2020, respectively.

Trading gains (loss) on financial assets at FVPL consists of:

	2022	2021	2020
Net unrealized gain (loss) on valuation of financial assets at FVPL	<b>(₱17,268,389)</b>	₱36,261,776	₱19,344,292
Net realized gains on sale of trading securities	<b>2,916,618</b>	8,029,481	20,007,722
	<b>(₱14,351,771)</b>	₱44,291,257	₱39,352,014

The Company's financial assets at FVPL as at December 31, 2022 and 2021 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on quoted market prices or bidding dealer price quotations from active market as at reporting date (see Note 15).

## 6. Receivables

This account consists of:

	Note	2022	2021
Nontrade receivables		<b>₱62,912,858</b>	₱62,912,858
Receivable from stockbroker	11	<b>1,310,477</b>	15,505,061
Interest receivable		<b>94,677</b>	46,224
		<b>64,318,012</b>	78,464,143
Less allowance for impairment losses on nontrade receivables		<b>62,912,858</b>	62,912,858
		<b>₱1,405,154</b>	₱15,551,285

Nontrade receivables include amounts collectible from previous stockholders of the Company which were fully provided with allowance for impairment losses.

Receivable from stockbroker pertains to funds of the Company in the possession of the stockbroker and are generally collectible within one (1) year.

Interest receivable arising from short-term placements is generally collectible within one (1) month.

Allowance for impairment losses on receivables amounted to ₱62,912,858 as at December 31, 2022 and 2021. No provision for impairment losses on receivables was recognized in 2022, 2021 and 2020.

---

## 7. Other Current Assets

This account consists of:

	2022	2021
Input VAT	₱1,604,820	₱1,410,458
Prepayments	5,862	5,942
Others	95,000	10,000
	1,705,682	1,426,400
Less allowance for impairment losses on input VAT	422,105	422,105
	<u>₱1,283,577</u>	<u>₱1,004,295</u>

---

## 8. Accrued Expenses and Other Payables

This account consists of:

	2022	2021
Accrued expenses	₱200,007	₱185,000
Others	11,608	10,460
	<u>₱211,615</u>	<u>₱195,460</u>

Accrued expenses pertain to professional, accounting and legal services already incurred but not yet paid by the Company. These are generally unsecured, noninterest-bearing and are payable within one (1) year.

---

## 9. Equity

### Capital Stock

Details of the Company's capital stock at ₱1.00 par value a share as at December 31, 2022, 2021 and 2020 are as follows:

	Number of Shares	Amount
Authorized	200,000,000	₱200,000,000
Issued	193,644,204	193,644,204
Outstanding	193,544,176	193,544,176

On August 2, 2021 and September 16, 2021, the Board of Directors and stockholders, respectively, approved the proposed amendment to the Articles of Incorporation of the Company to reduce the par value of its shares of stock from one (1) peso to ten (10) centavos per share. As at March 28, 2023, the amendment to the Articles of Incorporation has not yet been approved by the SEC.

#### **Treasury Stock**

The Company has treasury stock with cost amounting to ₱289,000 representing 100,028 shares at ₱1.00 par value a share as at December 31, 2022, 2021 and 2020.

#### **Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and maximize shareholder value.

The Company considers equity contributions from stockholders totaling ₱245,124,737 as at December 31, 2022 and 2021 as its capital employed.

The Company manages its capital structure and makes adjustments to it whenever there are changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital. No changes were made in the objectives, policies, or processes in 2022, 2021 and 2020.

### 10. General and Administrative Expenses

This account consists of:

	Note	2022	2021	2020
Professional fees		<b>₱1,576,167</b>	₱1,550,723	₱1,494,001
Taxes and licenses		<b>518,274</b>	991,610	1,489,359
Directors fees	11	<b>277,778</b>	277,778	166,666
Commission	11	<b>262,559</b>	666,608	962,599
Transaction fee		<b>33,818</b>	84,440	123,972
Others		<b>55,931</b>	93,713	105,347
		<b>₱2,724,527</b>	₱3,664,872	₱4,341,944

### 11. Related Party Transactions

In the normal course of business, the Company has transactions with its related party. The table below summarizes the outstanding balances and related party transactions of the Company as at and for the years ended December 31, 2022 and 2021:

Nature of Relationship	Note	Nature of Transaction	Amount of Transactions		Outstanding Balance	
			2022	2021	2022	2021
Entity under common key management	6	Cash advances to stockbroker	<b>₱-</b>	₱29,500,000	<b>₱1,310,477</b>	₱15,505,061
	10	Commission expense	<b>262,559</b>	666,608	-	-



Outstanding balance is unsecured, noninterest-bearing and to be collected in cash within one (1) year. No impairment loss was recognized on receivables from related party in 2022, 2021 and 2020.

**Compensation of Key Management Personnel**

Key management personnel of the Company are also members of its BOD. Key management personnel compensation amounted to ₱277,778 in 2022 and 2021 and ₱166,666 in 2020.

**12. Income Taxes**

The Company has no current tax expense in 2022, 2021 and 2020 due to its net taxable loss position.

As at December 31, 2022 and 2021, the Company has the following deductible temporary difference and carryforward benefits of NOLCO for which no deferred tax assets were recognized:

	2022	2021
Allowance for impairment losses on nontrade receivables	₱62,912,858	₱62,912,858
NOLCO	10,731,343	9,931,270
	<b>₱73,644,201</b>	<b>₱72,844,128</b>

The management assessed that there may be no sufficient future taxable income against which benefits of the deductible temporary difference and carryforward benefits can be utilized.

Details of the Company's NOLCO are as follows:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Year
2022	₱2,724,527	₱-	₱2,724,527	2025
2021	3,664,872	-	3,664,872	2026
2020	4,341,944	-	4,341,944	2025
2019	1,924,454	1,924,454	-	2022
	<b>₱12,655,797</b>	<b>₱1,924,454</b>	<b>₱10,731,343</b>	

Under Revenue Regulations No. 25-2020, NOLCO incurred for taxable year 2021 and 2020 may be carried over for the next five (5) consecutive taxable years immediately following the year of such loss.

The reconciliation between the income tax expense (benefit) based on statutory tax rate and the income tax expense based on effective tax rate is as follows:

	2022	2021	2020
Income tax expense (benefit) at statutory tax rate	<b>(₱1,516,577)</b>	₱11,511,600	₱11,354,599
Increase (decrease) in income tax resulting from:			
Trading loss (gains) on financial assets at FVPL	<b>3,587,943</b>	(11,072,814)	(11,805,604)
Dividend income exempt from tax	<b>(2,571,466)</b>	(1,273,305)	(367,086)
Expired NOLCO	<b>481,114</b>	488,934	312,274
Change in unrecognized deferred tax assets	<b>200,018</b>	427,284	990,309
Interest income already subjected to final tax	<b>(181,032)</b>	(81,699)	(484,492)
Income tax expense at effective tax rate	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>

### 13. Basic/Diluted Income (Loss) per Share

Basic and diluted income per share attributable to the Company's stockholders is computed as follows:

	2022	2021	2020
Net income (loss) (a)	<b>(P6,066,307)</b>	P46,046,400	P37,848,664
Weighted average number of shares outstanding (b):			
Issued	<b>193,644,204</b>	193,644,204	193,644,204
Held in treasury	<b>(100,028)</b>	(100,028)	(100,028)
	<b>193,544,176</b>	193,544,176	193,544,176
Basic/Diluted income (loss) per share (a/b)	<b>(P0.031)</b>	P0.238	P0.196

### 14. Financial Risk Management, Objectives and Policies

The Company's financial instruments consist of cash and cash equivalents, financial assets at FVPL, receivables, and accrued expenses and other payables (excluding statutory payables) arising directly from its operations.

The main financial risks arising from the Company's use of these financial instruments are equity price risk, credit risk and liquidity risk. The BOD regularly reviews and approves on certain policies for managing these financial risks, as summarized below.

#### **Equity Price Risk**

Equity price risk is the risk that the Company will incur economic losses due to adverse changes in a particular stock or stock index. As at December 31, 2022 and 2021, equity instruments that are subject to equity price risk include quoted financial assets at FVPL amounting to P210,045,340 and P200,462,250, respectively.

The table below sets forth the impact of changes in Philippine Stock Exchange index (PSEi) in the Company's financial assets at FVPL in 2022:

Changes in PSEi	20.55%	(20.55%)
Changes in trading income at equity portfolio under:		
Holding firms	P13,172,047	(P13,172,047)
Electricity, energy, power and water	11,310,784	(11,310,784)
Banks	5,614,944	(5,614,944)
Food, beverage and tobacco	2,580,823	(2,580,823)
Information technology	2,095,833	(2,095,833)
Property	1,329,275	(1,329,275)
Media	1,139,130	(1,139,130)
Mining	1,029,299	(1,029,299)
Construction, infrastructure and allied services	464,569	(464,569)
Telecommunications	270,725	(270,725)
	<b>P39,007,429</b>	<b>(P39,007,429)</b>

The sensitivity rates used for reporting equity price risk represents management's assessment of the reasonably possible change in equity pricing per PSEi. The sensitivity analysis includes the Company's stock portfolio with amounts adjusted by its specific beta for their valuation at the reporting date.

### **Credit Risk**

The Company's exposure to credit risk arises from the failure of a counterparty to fulfill its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of cash in banks, short-term placements and receivables.

The Company limits its exposure to credit risk by investing its cash in banks and short-term placements only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments. In addition, receivables are entered into with a related party with good credit standing and relatively low risk of default. Further, these are monitored on an ongoing basis to ensure collections.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Company also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant increase in credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the counterparty.

The Company's maximum amount of credit risk exposure without taking into account any collateral, other credit enhancement or other credit risk mitigating features is shown below:

	<b>2022</b>		
	<b>12-month ECL</b>	<b>Lifetime ECL - Credit Impaired</b>	<b>Total</b>
Cash in banks and short-term placements	<b>₱53,195,259</b>	<b>₱-</b>	<b>₱53,195,259</b>
Receivables	<b>1,405,154</b>	<b>62,912,858</b>	<b>64,318,012</b>
	<b>₱54,600,413</b>	<b>₱62,912,858</b>	<b>₱117,513,271</b>
	<b>2021</b>		
	<b>12-month ECL</b>	<b>Lifetime ECL - Credit Impaired</b>	<b>Total</b>
Cash in banks and short-term placements	<b>₱54,961,652</b>	<b>₱-</b>	<b>₱54,961,652</b>
Receivables	<b>15,551,285</b>	<b>62,912,858</b>	<b>78,464,143</b>
	<b>₱70,512,937</b>	<b>₱62,912,858</b>	<b>₱133,425,795</b>

### Liquidity Risk

The Company's exposure to liquidity risk arises from the possibility that it may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

Based on contractual undiscounted payments, the Company's financial liability (excluding statutory payables) as at December 31, 2022 and 2021 amounting to ₱200,007 and ₱185,000, respectively are due within one (1) year.

## 15. Fair Value Measurement

The following table presents the carrying amount and fair value of the Company's asset measured at fair value and the corresponding fair value hierarchy:

		2022			
		Fair Value			
Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Asset Measured at Fair Value -</b>					
5	₱210,045,340	₱210,045,340	P-	P-	
<b>Financial assets at FVPL</b>					
		2021			
		Fair Value			
Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Asset Measured at Fair Value -</b>					
5	₱200,462,250	₱200,462,250	P-	P-	
<b>Financial assets at FVPL</b>					

The Company's financial assets at FVPL as at December 31, 2022 and 2021 are carried at fair value based on sources classified under the Level 1 category. The fair value of financial assets at FVPL is based on quoted market prices from active markets as at the reporting date.

The table below presents the financial assets and liability of the Company whose carrying amounts approximate its fair value due to their short-term nature or whose fair value cannot be reliably measured as at December 31, 2022 and 2021.

	2022	2021
Financial assets at amortized cost:		
Cash and cash equivalents	₱53,205,259	₱54,971,652
Receivables	1,405,154	15,551,285
	<b>₱54,610,413</b>	<b>₱70,522,937</b>
Financial liability at amortized cost -		
Accrued expenses and other payables*	₱200,007	₱185,000

\*Excluding statutory payables amounting to ₱11,608 and ₱10,460 as at December 31, 2022 and 2021, respectively.

**16. Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)**

The information for 2022 required by the above regulations are presented below.

**Output Value-Added Tax (VAT)**

The Company does not have revenues subjected to output VAT during the year.

**Input VAT**

The movements of input VAT claimed by the Company for the year ended December 31, 2022 are shown below:

Balance at beginning of year	₱1,410,458
Current year's domestic purchase/payments for services	194,362
<b>Balance at end of year</b>	<b>₱1,604,820</b>

The above amount is presented under "Other current assets" account in the statement of financial position.

**Other Local and National Taxes**

All other taxes paid for by the Company for the year ended December 31, 2022 consist of:

Permits and licenses	₱261,186
Stock transaction tax	257,088
<b></b>	<b>₱518,274</b>

The above local and national taxes are presented as "Taxes and licenses" under "General and administrative expenses" account in the statement of comprehensive income.

**Withholding Taxes**

Expanded withholding taxes accrued and paid by the Company as at and for the year ended December 31, 2022 amounted to ₱11,608 and ₱121,108, respectively.

**Tax Assessments**

The Company has no pending deficiency tax assessment from the BIR as at December 31, 2022.

**Tax Cases**

The Company has no pending tax case in courts or other regulatory bodies outside of the BIR as at December 31, 2022.



**LMG CORP.**  
**(FORMERLY LMG CHEMICALS CORP.)**  
**STATEMENTS OF FINANCIAL POSITION**

	Note	June 2023 (Unaudited)	December 2022 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	₱53,038,031	₱53,205,259
Financial Asset at FVPL	5	210,023,778	210,045,340
Receivables	6	9,049,197	1,405,154
Other current assets	7	1,568,047	1,283,577
		<b>₱273,679,053</b>	<b>₱265,939,330</b>
<b>TOTAL ASSETS</b>		<b>₱273,679,053</b>	<b>₱265,939,330</b>
<b>LIABILITY AND EQUITY</b>			
<b>Current Liability</b>			
Accrued expenses and other payables	8	7	₱200,007
Other current liabilities		4,698	11,608
		<b>4,705</b>	<b>211,615</b>
<b>Equity</b>			
Capital stock	9	193,644,204	193,644,204
Additional paid-in capital		51,480,533	51,480,533
Retained Earnings		28,838,611	20,891,978
Treasury stock	9	(289,000)	(289,000)
Total Equity		<b>273,674,348</b>	<b>265,727,715</b>
		<b>₱273,679,053</b>	<b>₱265,939,330</b>

*See accompanying Notes to Financial Statements.*

**LMG CORP.**

**(FORMERLY LMG CHEMICALS CORP.)**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTERS ENDED JUNE 30, 2023 (UNAUDITED)**

**(With Comparative Figures for June 30, 2022)**

	(notes)	April to June 2023	January to June 2023	April to June 2022	January to June 2022
<b>SALES</b>		-	-	-	-
<b>COST OF SALES</b>		-	-	-	-
<b>GROSS PROFIT</b>		-	-	-	-
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	10	535,371	1,277,035	484,165	1,086,962
<b>REALIZED GAIN (LOSS) ON FAFVPL</b>		55,000	(263,365)	(5,700)	(436,300)
<b>UNREALIZED GAIN (LOSS) ON FAFVPL</b>		(2,155,002)	2,326,350	(31,749,810)	(30,396,357)
<b>DIVIDEND INCOME</b>		2,774,151	6,022,217	3,139,591	5,721,882
<b>INTEREST INCOME</b>	4	608,547	1,138,466	75,723	121,815
		1,282,696	9,223,668	(28,540,196)	(24,988,960)
<b>INCOME (LOSS) BEFORE INCOME TAX</b>		747,325	7,946,633	(29,024,361)	(26,075,922)
<b>INCOME TAX EXPENSE</b>	12	-	-	-	-
<b>NET INCOME (LOSS) AFTER TAX</b>		747,325	7,946,633	(29,024,361)	(26,075,922)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		747,325	7,946,633	(29,024,361)	(26,075,922)
<b>BASIC/DILUTED INCOME / LOSS PER SHARE</b>	13	0.004	0.041	(0.150)	(0.135)

*See accompanying Notes to Financial Statements*



**LMG CORP.**

**(FORMERLY LMG CHEMICALS CORP.)  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED June 30, 2023 (UNAUDITED)  
(With Comparative Figures for June 30, 2022)**

	Capital Stock	Additional Paid in Capital	Retained Earnings	Treasury	Total
<b>Balance at January 1, 2023</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>20,891,978</b>	<b>(289,000)</b>	<b>265,727,715</b>
<b>Net income / (Loss)</b>	<b>-</b>	<b>-</b>	<b>7,946,633</b>	<b>-</b>	<b>7,946,633</b>
<b>Balance at June 30, 2023</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>28,838,611</b>	<b>(289,000)</b>	<b>273,674,348</b>

	Capital Stock	Additional Paid in Capital	Retained Earnings	Treasury	Total
<b>Balance at January 1, 2022</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>26,958,285</b>	<b>(289,000)</b>	<b>271,794,022</b>
<b>Net income / (Loss)</b>	<b>-</b>	<b>-</b>	<b>(26,075,922)</b>	<b>-</b>	<b>(26,075,922)</b>
<b>Balance at June 30, 2022</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>882,363</b>	<b>(289,000)</b>	<b>245,718,100</b>

*See accompanying Notes to Financial Statements.*

**LMG CORP.**

---

**(FORMERLY LMG CHEMICALS CORP.)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED June 30, 2023 (UNAUDITED)**  
**(With Comparative Figures for June 30, 2022)**

	Note	January to June 2023	January to June 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax		<b>₱7,946,633</b>	(₱26,075,922)
Adjustments for:			
Interest income	4, 6	<b>(1,138,466)</b>	(121,815)
Dividend income		<b>(6,022,217)</b>	(5,721,882)
Unrealized gain (loss) on fair value through profit or loss		<b>(2,326,350)</b>	30,396,357
Operating loss before working capital changes		<b>(1,540,400)</b>	(1,523,262)
Decrease (increase) in:			
Financial assets at fair value through profit or loss		<b>2,347,912</b>	(15,102,607)
Receivable		<b>(7,644,042)</b>	10,088,083
Other current assets		<b>(284,470)</b>	(238,061)
Increase (decrease) in:			
Accrued expenses and other payables and other payables		<b>(200,000)</b>	(155,493)
Other current liabilities		<b>(6,911)</b>	(5,655)
Net cash used for operations		<b>(7,327,911)</b>	(6,936,995)
Interest received		<b>1,138,466</b>	121,815
Dividend income		<b>6,022,217</b>	5,721,882
CASH FLOWS FROM OPERATING ACTIVITIES		<b>(167,228)</b>	(1,093,298)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		<b>53,205,259</b>	54,971,652,
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTERS</b>			
		<b>₱53,038,031</b>	₱53,878,354

---

*See accompanying Notes to Financial Statements.*

---

**LMG CORP.**  
**(FORMERLY LMG CHEMICALS CORP.)**  
**NOTES TO FINANCIAL STATEMENTS**

---

**1. General Information**

**Corporate Information**

LMG Corp. (formerly LMG Chemicals Corp.) (the “**Corporation**”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (“**SEC**”) on August 19, 1970. The Corporation operates as a holding company.

The common shares of the Corporation were listed beginning January 7, 1986, and have been traded in the Philippine Stock Exchange (PSE) since then.

The registered office address of the Corporation is 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

---

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The financial statements of the Corporation have been prepared in compliance with Philippine Financial Reporting Standards (“**PFRS**”) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (“**PAS**”) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

**Measurement Basis**

The financial statements are presented in Philippine Peso, the Corporation’s functional currency.

All values are in absolute amounts, except when otherwise indicated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. 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 Corporation uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Corporation recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information on assumptions used in fair value measurement is disclosed in Note 15 to the financial statements.

- Note 5 Financial Asset at FVPL
- Note 15 Fair Value Measurement

### **Adoption of Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amended PFRS, which the Corporation adopted effective January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.
- Annual Improvement to PFRS 2018 to 2020 Cycle -
  - o Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is 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 the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of these amended PFRS did not materially affect the Corporation’s financial statements.

### **Amended PFRS Issued But Not Yet Effective**

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

Effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements, and PFRS Practice Statement 2, Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

Effective January 1, 2024:

- Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least twelve (12) months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Corporation shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the Corporation’s financial statements. Additional disclosures will be included in the financial statements, as applicable.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial

liability or equity instrument of another entity.

*Date of Recognition.* The Corporation recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*“Day 1” Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Corporation recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Corporation deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Corporation determines the appropriate method of recognizing the “Day 1” difference.

### **Financial Assets**

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (“**FVPL**”), includes transaction cost.

*Classification.* The Corporation classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (“**FVOCI**”) and (c) financial assets at FVPL. The classification of a financial instrument largely depends on the Corporation’s business model for managing the asset and its contractual cash flow characteristics.

As at June 30, 2023, the Corporation does not have financial assets at FVOCI.

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within twelve (12) months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at June 30, 2023 and 2022, the Corporation’s cash and cash equivalents and receivables are classified under this category (see Notes 4 and 6).

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Cash equivalents are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

*Financial Assets at FVPL.* Financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not “solely for payment of principal and interest”, and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Corporation may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

This category also includes equity instruments which the Corporation had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at June 30, 2023, the Corporation’s investments in various listed equity securities are classified under this category (see Note 5).

*Reclassification.* The Corporation reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new carrying amount.

*Impairment of Financial Assets at Amortized Cost.* The Corporation recognizes an allowance for expected credit loss (“ECL”) for all debt instruments not held as financial asset at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at an approximation to the asset’s original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other debt instruments measured at amortized cost, the ECL is based on the twelve (12)-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within twelve (12) months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Corporation compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Corporation also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Financial assets at amortized costs are written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Corporation determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

*Derecognition.* A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Corporation has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Corporation’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Corporation could be required to repay.

### **Financial Liabilities**

*Initial Recognition and Measurement.* Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

*Classification.* The Corporation classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at June 30, 2023 and 2022, the Corporation does not have financial liabilities at FVPL.



*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Corporation having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at June 30, 2023, and 2022, the Corporation's accrued expenses and other payables (excluding statutory payables) are classified under this category (see Note 8).

*Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in statements of comprehensive income.

*Classification of Financial Instrument between Liability and Equity.* A financial instrument is classified as liability 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 Corporation; 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 Corporation 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.

#### **Offsetting of Financial Assets and Liabilities**

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

#### **Other Nonfinancial Assets**

Other current assets consist of input value-added tax (VAT) and prepayments.

*Input VAT.* VAT is a tax on consumption levied on the sale, barter, exchange or lease of goods, or properties and services, and on the importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses and assets are generally recognized net of the amount of VAT. Input VAT is recognized to the extent that is recoverable. Any excess input VAT assessed as unrecoverable is provided with allowance for impairment.

*Prepayments.* Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized within twelve (12) months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

### **Impairment of Nonfinancial Assets**

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued and outstanding.

*Additional Paid-in Capital (APIC).* APIC represents the proceeds and/or fair value of considerations received in excess of par value of the issued. Incremental costs directly attributable to the issuance of new stocks are recognized as a deduction from equity, net of any tax effects.

*Retained Earnings (Deficit).* Retained earnings (deficit) represent the cumulative balance of net income or loss, net of any dividend declarations. At each reporting date, net income or loss of the Corporation is transferred to retained earnings. When the retained earnings amount has a debit balance, it is called 'deficit'. A deficit is a deduction from equity.

*Treasury Stock.* Treasury stock pertains to the Corporation's common shares which were reacquired, recorded at cost and is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale or cancellation of the Corporation's common shares. Any difference between the carrying amount and the consideration received, if any, upon reissuance or cancellation of shares is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Corporation and no dividends are allocated to them.

### **Revenue Recognition**

Revenue is recognized to the extent that it is possible that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties.

The Corporation also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Corporation has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria for revenues outside the scope of PFRS 15, *Revenue from Contracts with customers*:

*Trading Gains on Financial Assets at FVPL.* Trading gains on financial assets at FVPL include all gains and losses from changes in fair value and disposal of financial assets at FVPL. Unrealized gains or losses are recognized in profit or loss upon remeasurement of the financial assets at FVPL at each reporting date. Gains or losses from sale of financial assets at FVPL are recognized in profit or loss upon confirmation of trade deals.

*Interest income.* Interest income is recognized in profit or loss as it accrues taking into account the effective yield on the asset, net of final taxes.

*Dividend Income.* Dividend Income is recognized when the Corporation's right to receive payment is established.

### **Expense Recognition**

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. These are expensed as incurred.

### **Income Taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

### **Related Party Transactions**

Related party transactions are transfer of resources, services or obligations between the Corporation and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Corporation; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Corporation that gives them significant influence over the Corporation and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

### **Segment Reporting**

The Corporation reports separate information about each operating segment identified. An operating segment is a component of the Corporation that engages in business activities: from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporation's other components; from whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment; and for which discrete information is available.

### **Provisions and Contingencies**

*Provisions.* Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of

money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

### **Income (Loss) per Share**

Basic income per share is calculated by dividing the net income for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted income (loss) per share is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

### **Events After the Reporting Date**

Post year-end events that provide additional information about the Corporation's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements, when material. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

---

## **3. Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS requires management to exercise judgments and make accounting estimates and assumptions that affect the reported amounts in the financial statements and related notes. The judgments, accounting estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Corporation believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

The following are the significant judgment, accounting estimates and assumptions made by the Corporation:

### **Judgments**

*Classification of Financial Assets.* Classification and measurement of financial assets depends on the results of the contractual cash flow and the business model tests. The Corporation determines the

business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Corporation irrevocably designated its investments in listed equity securities as financial assets at FVPL (see Note 5).

Cash and cash equivalents and receivables were classified as financial assets at amortized cost (see Notes 4 and 6).

### **Accounting Estimates and Assumptions**

*Assessment for Impairment Losses on Financial Assets at Amortized Cost.* The Corporation determines the allowance for impairment losses using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. Impairment loss is provided for credit losses that result from possible default events within the next twelve (12) months unless there has been a significant increase in credit risk since initial recognition in which case ECLs are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Corporation considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions;
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Corporation also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Corporation has assessed that the impairment losses on financial assets at amortized cost are not material because the transactions with respect to these financial assets were entered into by the Corporation only with reputable banks and a related party with good credit standing and relatively low risk of defaults except for receivables.

No provision for impairment losses on financial assets at amortized cost was recognized as of June 30, 2023 and 2022. Allowance for impairment losses on nontrade receivables amounted to ₱62,912,858 as at June 30, 2023 and 2022 (see Note 6).

The carrying amounts the Corporation's financial assets at amortized cost are as follows:

	Note	June 30, 2023	December 2022
Cash in banks and cash equivalents	4	₱53,028,031	₱53,195,259
Receivables	6	9,049,197	1,405,154

\*Excluding cash on hand amounting to ₱10,000 as at June 30, 2023 and December 31, 2022.

*Assessment for Impairment of Nonfinancial Assets.* The Corporation assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the Corporation considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

There were no impairment losses on input VAT as of June 30, 2023 and 2022. The carrying amount of other nonfinancial assets amounted to ₱1,568,047 and ₱1,283,577 as at June 30, 2023 and December 31, 2022, respectively (see Note 7).

*Recognition of Deferred Tax Assets.* The Corporation reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance 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.

---

#### 4. Cash and Cash Equivalents

This account consists of:

	<b>June 2023 (Unaudited)</b>	December 2022 Audited
Cash on hand	<b>₱10,000</b>	₱10,000
Cash in banks	<b>315,277</b>	596,930
Short-term placements	<b>52,712,754</b>	52,598,329
	<b>₱53,038,031</b>	₱53,205,259

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the Corporation's current operations. Short-term placements are made for varying periods of up to three (3) months and earn interest ranging from 4.5% to 5.875% per annum.

Details of interest income are as follows:

	<b>June 2023 (Unaudited)</b>	December 2022 (Audited)
Short-term placements	<b>₱1,138,383</b>	₱723,913
Cash in banks	<b>83</b>	214
	<b>₱1,138,466</b>	₱724,127

---

**5. Financial Asset at Fair Value Through Profit or Loss**

Financial assets at FVPL represent listed equity securities held by the Corporation for trading purposes amounting to ₱210,023,778 and ₱210,045,340 as at June 30, 2023 and December 31, 2022.

Dividend income earned from financial assets at FVPL amounted to ₱6,022,217 and ₱5,721,882 for the two quarters ending June 30, 2023, and June 30, 2022, respectively.

Trading gains on financial assets at FVPL consists of:

	<b>June 2023</b> <b>(Unaudited)</b>	June 2022 (Unaudited)
Unrealized gain (loss) on FAFVPL	<b>₱2,326,350</b>	(₱30,396,357)
Realized gains (loss) on sale of trading securities	<b>(263,365)</b>	(436,300)
	<b>₱2,062,985</b>	(₱30,832,657)

The Corporation's financial assets at FVPL as at June 30, 2023 and December 31, 2022 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on quoted market prices or bidding dealer price quotations from active market as at reporting date.

---

**6. Receivables**

This account consists of:

	<b>June 2023</b> <b>(Unaudited)</b>	December 2022 (Audited)
Nontrade receivables	<b>₱62,912,858</b>	₱62,912,858
Advances to stockbroker	<b>8,530,562</b>	1,310,477
Interest receivable	<b>518,635</b>	94,677
	<b>71,962,055</b>	64,318,012
Less allowance for impairment losses on receivables	<b>(62,912,858)</b>	(62,912,858)
	<b>₱9,049,197</b>	₱1,405,154

Nontrade receivables include amounts collectible from previous stockholders of the Corporation which was fully provided with provision for impairment losses.

Advances to stockbroker pertain to funds issued by the Corporation for stock investment.

Interest receivable arising from short-term placements is generally collectible within one (1) month.

Allowance for impairment losses on receivables amounted to ₱62,912,858 as at June 30, 2023 and December 31, 2022. No provision for impairment losses on receivables was recognized as of June 30, 2023 and 2022.



---

## 7. Other Current Assets

This account consists of:

	June 2023 (Unaudited)	December 2022 (Audited)
Input VAT	₱1,732,314	₱1,604,820
Prepayments	125,838	5,862
Others	132,000	95,000
	1,990,152	1,705,682
Less allowance for impairment losses	(422,105)	(422,105)
	<u>₱1,568,047</u>	<u>₱1,283,577</u>

The balance and movement of additional impairment loss on other current assets are as follows for June, 2023 and 2022.

	June 2023 (Unaudited)	December 2022 (Audited)
Balance at the beginning	₱422,105	₱422,105
Write-Off	0	0
	<u>₱422,105</u>	<u>₱422,105</u>

---

## 8. Accrued Expenses and Other Payables

This account consists of:

	June 2023 (Unaudited)	December 2022 (Audited)
Accrued expenses	₱7	₱200,007
Others	4,698	11,608
	<u>₱4,705</u>	<u>₱211,615</u>

Accrued expenses and other payables pertain to professional, accounting, legal services and statutory payables incurred but not yet paid by the Corporation. These are generally unsecured, noninterest-bearing and are payable within one (1) year.

---

## 9. Equity

### Capital Stock

Details of the Corporation's capital stock at ₱1 par value as at June 30, 2023 and 2022 are as follows:

	Number of Shares	Amount
Authorized	200,000,000	₱200,000,000
Issued	193,644,204	193,644,204

Outstanding 193,544,176 193,544,176

On August 2, 2021 and September 16, 2021, the Board of Directors (“**BOD**”) and stockholders, respectively, approved the proposed amendment to the Articles of Incorporation of the Corporation to reduce the par value of its shares of stock from ₱1 to ₱0.10 per share.

As at June 30, 2023, the amendment to the Articles of Incorporation has not yet been approved by the SEC.

#### **Treasury Stock**

The Corporation has treasury stock with cost amounting to ₱289,000 representing 100,028 shares at ₱1 par value per share as at June 30, 2023 and December 31, 2022.

#### **Capital Management**

The primary objective of the Corporation’s capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and maximize shareholder value.

The Corporation considers equity contributions from stockholders totaling ₱245,124,737 as at June 30, 2023 and December 31, 2022 as its capital employed.

The Corporation manages its capital structure and makes adjustments to it whenever there are changes in economic conditions. To maintain or adjust the capital structure, the Corporation may adjust its borrowings or raise capital. No changes were made in the objectives, policies, or processes as of June 30, 2023.

---

#### **10. General and Administrative Expenses**

This account consists of:

	<b>January to June 2023</b>	<b>January to June 2022</b>
Professional fees	<b>₱668,333</b>	₱662,333
Taxes and licenses	<b>330,939</b>	246,976
Commission	<b>164,953</b>	119,815
Stock Transaction fees	<b>21,236</b>	15,432
Others	<b>91,574</b>	42,406
	<b>₱1,277,035</b>	₱1,086,962

---

#### **11. Related Party Transactions**

In the normal course of business, the Corporation has transactions with its related party. The table below summarizes the related party transactions of the Corporation as at June 30, 2023.

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount of Transactions</u>	<u>Outstanding Balance</u>
<b>Receivables</b>			
Entity under common key management	Advances for stock broker	₱0	₱8,530,561
	Commission expense	164,953	-

Outstanding balance is unsecured, noninterest-bearing and to be collected in cash within one (1) year. No impairment loss was recognized on receivables from related party as of June 30, 2023.

#### **Compensation of Key Management Personnel**

Key management personnel of the Corporation are also members of its BOD. No compensation was provided by the Corporation to key management personnel as of June 30, 2023 and in 2022.

---

#### **12. Income Taxes**

The Corporation has no current income tax expense for the two quarters of 2023 and for the year 2022. Sale on Financial Asset at FVPL, interest, and dividend income were subjected to final tax.

---

#### **13. Income (Loss) per Share**

Basic/diluted income (loss) per share attributable to the Corporation's stockholders is computed as follows:

	<b>June 2023</b>	<b>June 2022</b>
<b>Net income (loss) (a)</b>	<b>₱7,946,633</b>	<b>(₱26,075,922)</b>
Weighted average number of shares outstanding (b):		
Issued	<b>193,644,204</b>	193,644,204
Held in treasury	<b>(100,028)</b>	(100,028)
	<b>193,544,176</b>	193,544,176
<b>Income (loss) per share from operations (a/b)</b>	<b>₱0.041</b>	<b>(₱0.135)</b>

---

#### **14. Financial Risk Management, Objectives and Policies**

The Corporation's financial instruments consist of cash and cash equivalents, financial assets at FVPL, receivables, and accrued expenses and other payables (excluding statutory payables) arising directly from its operations.

The main financial risks arising from the Corporation's use of these financial instruments are equity price risk, credit risk and liquidity risk. The BOD regularly reviews and approves on certain policies for managing these financial risks.

### Equity Price Risk

Equity price risk is the risk that the Corporation will incur economic losses due to adverse changes in a particular stock or stock index. As at June 30, 2023, equity instrument that is subject to equity price risk includes quoted financial assets at FVPL amounting to ₱210,023,778.

### Credit Risk

The Corporation's exposure to credit risk arises from the failure on the part of its counterparty to fulfill its financial commitments to the Corporation under the prevailing contractual terms. Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash in banks, short-term placements and receivables.

The Corporation limits its exposure to credit risk by investing its cash in banks and short-term placements only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments. In addition, receivables are entered into with companies with good credit standing and relatively low risk of defaults. Further, these are monitored on an on-going basis to ensure collections.

It is the Corporation's policy to measure ECL on the above instruments on a twelve (12)-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL

When determining if there has been a significant increase in credit risk, the Corporation considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Corporation also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the counterparty.

The Corporation's maximum amount of credit risk exposure without taking into account any collateral, other credit enhancement or other credit risk mitigating features is shown below:

	June, 2023		
	06-month ECL	Lifetime ECL - credit impaired	Total
Cash in banks and short-term placements	₱53,028,031	₱-	₱53,028,031
Receivables	9,049,197	62,912,858	71,962,055
	62,077,228	₱62,912,858	₱124,990,086

	December 2022		Total
	12-month ECL	Lifetime ECL - credit impaired	
Cash in banks and short-term placements	₱53,195,259	₱—	53,195,259
Receivables	1,405,154	62,912,858	64,318,012
	₱54,600,413	₱62,912,858	₱117,513,271

### **Liquidity Risk**

The Corporation's exposure to liquidity risk arises from the possibility that it may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Corporation's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

Based on contractual undiscounted payments, the Corporation's financial liability (excluding statutory payables) as at June 30, 2023 and December 31, 2022 amounting to ₱7 and ₱200,007, respectively are due within one (1) year.

### **15. Fair Value Measurement**

The following table presents the carrying amount and fair value of the Corporation's asset measure at fair value and the corresponding fair value hierarchy:

	June 2023 (Unaudited)	December 2022 (Audited)
<b>Asset Measured at Fair Value</b>		
Financial assets at FVPL	<b>210,023,778</b>	210,045,340

The Corporation's financial assets at FVPL as at June 30, 2023 and December 31, 2022 are carried at fair value based on sources classified under level1 category. The fair value of the financial assets at FVPL are based on quoted market prices from active markets as at the reporting dates.

The table below presents the financial assets and liability of the Corporation whose amounts approximate its fair value due to their short-term nature or whose fair value cannot be reliably measured as at June 30, 2023 and December 31, 2022.

	June 2023 (Unaudited)	December 2022 (Audited)
<b>Financial assets at amortized cost</b>		
Cash and cash equivalents	₱53,038,031	₱53,205,259
Receivables	9,049,197	1,405,154
	<b>₱62,087,228</b>	₱54,610,413
<b>Financial Liability</b>		
Financial liability at amortized cost -		
Accrued expenses and other payables*	₱7	₱200,007

\*Excluding statutory payables amounting to ₱4,698 and ₱11,608 as at June 30, 2023 and December 31, 2022

---

16. **Supplementary information under Revenue Regulation No 15-2010 of the Bureau of Internal Revenue (“BIR”)**

**Output VAT**

The Corporation does not have revenues subjected to output VAT for the two quarters ending June 30, 2023.

**Input VAT**

The movement in the input VAT paid by the Corporation for the first two quarters ending June 30, 2023 is shown below:

Beginning balance	₱1,604,820
Domestic purchases/payments for the quarters	
Ending June 30, 2023	127,494
	<hr/>
	₱1,732,314

**Tax Assessments**

The Corporation has no pending deficiency tax assessment from the BIR as at June 30, 2023.

**Tax Cases**

The Corporation has no pending tax case in courts or other regulatory bodies outside of the BIR as at June 30, 2023

**LMG CORP.**  
**(FORMERLY LMG CHEMICALS CORP.)**

---

**AGING OF ACCOUNTS RECEIVABLE TRADE**  
**AS OF JUNE 30, 2023**

<b>Customer</b>	<b>Total Amount</b>	<b>Current</b>	<b>1-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>121-180 days</b>	<b>over 180 days</b>
None	₱9,049,197	9,049,197	0	0	0	0	0	0

Notes: Other receivables consists of Interest from Banco de Oro amounting to ₱518,635 and the balance on stock investment trading account with Value Quest Securities Corporation amounting to ₱8,530,561.

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE A**  
**FINANCIAL ASSETS**  
**June 30, 2023**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
<b>Cash equivalents:</b>			
Banco de Oro	₱52,712,754	₱52,712,754	₱1,138,383
<b>Cash in banks:</b>			
Banco de Oro	252,104	252,104	65
Metropolitan Bank and Trust Company	63,173	63,173	18
	315,277	315,277	83
<b>Stock Investment at FVPL</b>	210,023,778	210,023,778	0
<b>TOTAL</b>	₱263,051,809	₱263,051,809	₱1,138,466



**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE B**  
**AMOUNTS RECEIVABLE FROM**  
**DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES**  
**AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**  
**June 30, 2023**

Name and designation of debtor	Balance at beginning of year	Deduction	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the quarter
Value Quest Securities Corporation	<b>1,310,477</b>		7,220,084	None	8,530,561	None	8,530,561





**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE E**  
**LONG-TERM DEBT**  
**June 30, 2023**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest rate	Maturity dates
None	None	None	None	None	None

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE F**  
**INDEBTEDNESS TO RELATED PARTIES**  
**June 30, 2023**

Name of related party	Balance at beginning of year	Balance at end of year
None	None	None

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE G**  
**GUARANTEES OF SECURITIES AND OTHER ISSUERS**  
**June 30, 2023**

Name of issuing entity of securities guaranteed by the Corporation for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
None	None	None	None	None

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE H**  
**CAPITAL STOCK**  
**June 30, 2023**

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stock	200,000,000	193,644,204	–	–	100	193,644,104

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION OF THE CORPORATION  
June 30, 2023**

Retained Earnings, beginning		₱20,891,978
Less: Unrealized gain on valuation of financial assets at FVPL from prior years		<u>38,268,389</u>
Deficit, as adjusted, beginning		(17,376,411)
Add: Net income actually earned/realized during the quarter	<b>7,946,633</b>	
Net loss based on the face of audited financial statements		
Less: Unrealized gain on valuation of financial assets at FVPL	<u>(2,326,350)</u>	5,620,283
Deficit, as adjusted, ending		<u>(₱11,756,128)</u>



**From:** ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>  
**Sent:** Thursday, August 3, 2023 1:56 PM  
**To:** Selina Alessandra M. Miranda  
**Subject:** Re: CGFD\_LMG Corp.\_SEC Form 17-Q\_3August2023

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsecexpress.ph%2F&data=05%7C01%7Csmmiranda%40punolaw.com%7Ccc14a5b6c97643a3fe8108db93e64304%7C3cfa623c09e845fdb3a945474eb9e36e%7C1%7C0%7C638266389435734377%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Ikl1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=uXbLiv4yxjMPW7VhMHP8T1KffAony%2BLXtt2YCxfTino%3D&reserved=0>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO  
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fefast.sec.gov.ph%2Fuser%2Flogin&data=05%7C01%7Csmmiranda%40punolaw.com%7Ccc14a5b6c97643a3fe8108db93e64304%7C3cfa623c09e845fdb3a945474eb9e36e%7C1%7C0%7C638266389435734377%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Ikl1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=2kpGppXJ18lkG%2FH5DWNM1sf%2B%2BI92fnVw8%2FizZmKkH08%3D&reserved=0>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at

<https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Ffast.sec.gov.ph%2Fuser%2Flogin&data=05%7C01%7Csmmiranda%40punolaw.com%7Ccc14a5b6c97643a3fe8108db93e64304%7C3cfa623c09e845fdb3a945474eb9e36e%7C1%7C0%7C638266389435734377%7CUnknown%7CTWFpbGZsb3d8eyJWljiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6I6k1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=2kpGppXJ18lkG%2FH5DWNM1sf%2B%2BI92fnVw8%2FizZmKkH08%3D&reserved=0> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC\_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link –

<https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fapps010.sec.gov.ph%2F&data=05%7C01%7Csmmiranda%40punolaw.com%7Ccc14a5b6c97643a3fe8108db93e64304%7C3cfa623c09e845fdb3a945474eb9e36e%7C1%7C0%7C638266389435734377%7CUnknown%7CTWFpbGZsb3d8eyJWljiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6I6k1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=hR2SjaSqaLYMgaO1NIQnME3Vr9mfoX15aqLuvqBLNnM%3D&reserved=0>

For your information and guidance.

Thank you.

+S.E.C. Number

File  
Number \_\_\_\_\_

**LMG CORP.**  
**(formerly LMG Chemicals Corp.)**  
(Corporation's Full Name)

1006 B West Tower PSE Centre Exchange Rd. Ortigas Center Pasig City  
(Corporation's Address)

(02) 8636-6686  
(Telephone Numbers)

December 31  
(Fiscal Year Ending) (month & day)

**SEC FORM 17-Q – Quarterly Report**  
Form Type

\_\_\_\_\_  
Amendment Delegation (If applicable)

June 30, 2023  
Period Ended Date

\_\_\_\_\_  
(Secondary License Type and File Number)



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2023
2. Commission identification number 42020      3. BIR Tax Identification No 047-000-526-765

LMG CORP. (formerly LMG Chemicals Corp.)  
4. Exact name of issuer as specified in its charter

PHILIPPINES  
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code:  (SEC Use Only)

1006B WEST TOWER, PSE CENTRE EXCHANGE RD., ORTIGAS PASIG CITY 1605  
7. Address of issuer's principal office Postal Code

(632) 8636-6686  
8. Issuer's telephone number, including area code

N/A  
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<b>Common Stock, P1.00 par value</b>	<b>193,544,176</b>

11. Are any or all of the securities listed on a Stock Exchange?

Yes [  ] No [  ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE                      COMMON STOCK

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [  ] No [  ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [  ] No [  ]

## PART I—FINANCIAL INFORMATION

### Item 1. Financial Statements.

The unaudited Financial Statements of LMG Corp. (“**LMG** or the “**Corporation**”) for the two quarters ended June 30, 2023 are attached as part of the SEC Form 17-Q.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

#### 1. Plan of Operation

LMG will continue to evaluate all available opportunities in the infrastructure and heavy equipment industries.

#### 2. Management’s Discussion and Analysis

##### a. Results of Operation

LMG had no sales in the first two quarters of 2023 and also in the same quarters of 2022. It incurred a net gain of Php7,946,633 for the first two quarters of 2023, due to the realized loss on Financial Asset at Fair Value through Profit and Loss (“**FAFVPL**”) and unrealized gain on FAFVPL amounting to (Php263,365) and Php2,326,350 respectively, on dividend income amounting to Php6,022,217, and on interest on savings deposit and short-term placement amounting to Php1,138,466. Net loss for the same quarters of 2022 amounted to (Php26,075,922).

##### b. Financial Condition

Total assets as of June 30, 2023 and December 31, 2022 amounted to Php273,679,053 and Php265,939,330, respectively. It has liabilities of Php4,705 and Php211,615 as of June 30, 2023 and December 31, 2022, respectively.

Below are the key performance indicators used by LMG in determining its profitability and liquidity:

Financial KPI	Formula	Jan-Jun 2023	Jan-Jun 2022
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	58,167.70:1	7,162.29:1
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.000017:1	0.00014:1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.0	1.00014
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	0.0290	(0.10611)
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	0.0290	(0.10612)

The Corporation is not aware of any other trend or event that would have material impact on its liquidity.

There are no events that will trigger direct or contingent financial obligations that are material to the Corporation, including any default or acceleration of an obligation.

The Corporation is neither affected by seasonality nor cyclicity of interim operations.

The following are the transactions or events that occurred in the interim period:

- a. No unusual event during the interim period

There were no issuances, repurchases and repayments of debt and equity securities during the interim period.

No dividends were declared during the interim period.

The following are the transactions or events that occurred subsequent to the interim period:

- a. No unusual event subsequent to the interim period

There were no changes in the composition of the Corporation during the interim period.

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Corporation with unconsolidated entities or other persons were created during the reporting period.

Events that will trigger direct or contingent financial obligations that are material to the Corporation, including any default or acceleration of an obligation:

- a. None

The Corporation is not aware of any trends, demands, commitments, events or uncertainties that would have material impact on its liquidity.

The Corporation has no knowledge of any events in the future that will have a material effect neither on the results of its operation nor on its financial condition.

### 3. Financial Soundness Indicators

The following are the significant indicators used by the Corporation to determine its financial soundness:

	June 2023	June 2022
Asset to Equity ratio	1.000017	1.00014
Times-Interest Rate Coverage ratio	0.00	0.00
Book Value per Share	1.414	1.26957

Formula:

Asset to Equity = Total Assets/Stockholders' Equity

Times-Interest Rate Coverage Ratio = EBIT (Earnings before interest and taxes/total interest expense)

Book Value per share = Stockholders' Equity/Outstanding shares

Other financial indicators to determine the Corporation's liquidity, solvency and profitability are considered by the Corporation as key performance indicators and are already included in the above discussion of the results of operation and financial condition.

## PART II--OTHER INFORMATION

### (A) Report on SEC Form 17-C

The following are the reports on SEC Form 17-C filed to the Commission for the 2<sup>nd</sup> quarter of 2023:

April 24, 2023	<p>Results of the Special Meeting of Board of Directors held on 20 April 2023:</p> <p>The Board of Directors of the Corporation held a special meeting on 20 April 2023 in Taguig City.</p> <p>During the meeting, the Board approved the authorization to transact with the Bureau of Internal Revenue for the transfer of its registration with the applicable Revenue District Office, updating of its Certificate of Registration, and updating of its authority to print receipts and invoices; and the appointment of authorized representatives in obtaining the approvals and permits to secure clearances and certifications with various government and regulatory agencies.</p>
June 7, 2023	<p>Signing of Share Purchase Agreement</p> <p>LMG Corp. (the "Corporation") was advised by its principal shareholders, Ann Marieta L. Sytin, Robinson W. Siao, and Value Quest Securities Corporation on behalf of Rommel L. Sytin, Eduardo H. Yap, and Brandon Derick S. Sy (the "Sellers"), that on 6 June 2023, they have entered into a Share Purchase Agreement with Maxwealth Infinity Holdings Corp. (the "Buyer") for the sale of the Sellers' combined stake of 67% (129,674,598 common shares) in the Corporation for a consideration of Php402,000,000.00 equivalent to Php3.10006744728 per share with the following breakdown:</p> <p>Seller: Ann Marietta L. Sytin Number of Shares: 98,583,459 Amount: Php305,615,372.09</p> <p>Seller: Robinson W. Siao Number of Shares: 29,000,001 Amount: Php89,901,959.07</p> <p>Seller: Value Quest Securities Corporation Number of Shares: 2,091,138 Amount: Php6,482,668.84</p> <p>Total Purchase Price: Php402,000,000.00</p> <p>The Sellers decided to sell their shares in the Corporation to pursue different business goals, which are not aligned with the objectives of a publicly listed company.</p> <p>The Buyer is a Philippine holding company. Its primary purpose is to acquire, hold, sell, exchange, deal and invest in the stocks, bonds, or securities of any government, and in real or property of all kinds in the same manner and to the same extent as natural person, might could or would do, to exercise all the rights, powers and privileges or ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes without however managing securities portfolio or similar securities or to act as broker of securities. The Buyer, however, does not solicit, accept, or take investments/placements from the public. Neither does it issue investment contracts.</p>



	<p>The Buyer’s current investments include interests in various financial and information technology companies. Moving forward, the Buyer intends to invest in the hospitality industry (i.e., leisure and resort businesses, as well as in hotels, restaurants), and the construction industry, consistent with its plan of diversifying its portfolio across various industries. Once the Buyer has invested in the abovementioned industries, it will expand the portfolio of the Corporation to include the operating subsidiaries of the Buyer. This will provide the Corporation with additional options to raise capital and investments with a view of increasing its market value and maximizing shareholder value. The Buyer will strengthen the portfolio of the Corporation through the Buyer’s diversified investments.</p> <p>Currently, the Buyer’s plan is to maintain the current business profile of the Corporation as a holding and investment company. There are no current plans in changing the business purposes of the Corporation.</p> <p>The Corporation was also advised by the Sellers that the closing of the transaction and the full payment of the Corporation’s shares held by the Sellers are subject to, among others, the Buyer’s successful conduct and completion of a tender offer of the shares held by the other shareholders of the Corporation (the “Tender Offer Shares”) in accordance with the Securities and Regulation Code, and its implementing rules and regulations, as amended.</p> <p>The payment by the Buyer of the tender offer price for any Tender Offer Shares shall be done simultaneously with the payment for the shares of the Corporation held by the Sellers.</p> <p>The parties intend to conduct the tender offer and close the transaction within the next sixty (60) days. Should there be changes in the targeted timeline, the parties endeavor to revise this report and make the necessary disclosures.</p>
June 15, 2023	<p>Results of the Special Meeting of Board of Directors held on 15 June 2023:</p> <p>The Board of Directors of LMG Corp. held a special meeting on 15 June 2023.</p> <p>During the meeting, the Board authorized the Corporation to execute documents to comply with the Philippine Stock Exchange’s (“PSE”) Revised Rules on Backdoor Listing and other applicable laws and regulations of government agencies, including the PSE and the Securities and Exchange Commission.</p>

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **LMG CORP.**

Signature and Title:



---

**ROBINSON W. SIAO**  
President/Chief Executive Officer

Date August 3, 2023



---

**ROMMEL L. SYTIN**  
Treasurer

Date August 3, 2023



**LMG CORP.**  
**(FORMERLY LMG CHEMICALS CORP.)**  
**STATEMENTS OF FINANCIAL POSITION**

	Note	June 2023 (Unaudited)	December 2022 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	₱53,038,031	₱53,205,259
Financial Asset at FVPL	5	210,023,778	210,045,340
Receivables	6	9,049,197	1,405,154
Other current assets	7	1,568,047	1,283,577
		<b>₱273,679,053</b>	<b>₱265,939,330</b>
<b>TOTAL ASSETS</b>		<b>₱273,679,053</b>	<b>₱265,939,330</b>
<b>LIABILITY AND EQUITY</b>			
<b>Current Liability</b>			
Accrued expenses and other payables	8	7	₱200,007
Other current liabilities		4,698	11,608
		<b>4,705</b>	<b>211,615</b>
<b>Equity</b>			
Capital stock	9	193,644,204	193,644,204
Additional paid-in capital		51,480,533	51,480,533
Retained Earnings		28,838,611	20,891,978
Treasury stock	9	(289,000)	(289,000)
Total Equity		<b>273,674,348</b>	<b>265,727,715</b>
		<b>₱273,679,053</b>	<b>₱265,939,330</b>

*See accompanying Notes to Financial Statements.*

**LMG CORP.**

**(FORMERLY LMG CHEMICALS CORP.)**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTERS ENDED JUNE 30, 2023 (UNAUDITED)**

**(With Comparative Figures for June 30, 2022)**

	(notes)	April to June 2023	January to June 2023	April to June 2022	January to June 2022
<b>SALES</b>		-	-	-	-
<b>COST OF SALES</b>		-	-	-	-
<b>GROSS PROFIT</b>		-	-	-	-
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	10	535,371	1,277,035	484,165	1,086,962
<b>REALIZED GAIN (LOSS) ON FAFVPL</b>		55,000	(263,365)	(5,700)	(436,300)
<b>UNREALIZED GAIN (LOSS) ON FAFVPL</b>		(2,155,002)	2,326,350	(31,749,810)	(30,396,357)
<b>DIVIDEND INCOME</b>		2,774,151	6,022,217	3,139,591	5,721,882
<b>INTEREST INCOME</b>	4	608,547	1,138,466	75,723	121,815
		1,282,696	9,223,668	(28,540,196)	(24,988,960)
<b>INCOME (LOSS) BEFORE INCOME TAX</b>		747,325	7,946,633	(29,024,361)	(26,075,922)
<b>INCOME TAX EXPENSE</b>	12	-	-	-	-
<b>NET INCOME (LOSS) AFTER TAX</b>		747,325	7,946,633	(29,024,361)	(26,075,922)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		747,325	7,946,633	(29,024,361)	(26,075,922)
<b>BASIC/DILUTED INCOME / LOSS PER SHARE</b>	13	0.004	0.041	(0.150)	(0.135)

*See accompanying Notes to Financial Statements*

**LMG CORP.**

**(FORMERLY LMG CHEMICALS CORP.)  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED June 30, 2023 (UNAUDITED)  
(With Comparative Figures for June 30, 2022)**

	Capital Stock	Additional Paid in Capital	Retained Earnings	Treasury	Total
<b>Balance at January 1, 2023</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>20,891,978</b>	<b>(289,000)</b>	<b>265,727,715</b>
<b>Net income / (Loss)</b>	<b>-</b>	<b>-</b>	<b>7,946,633</b>	<b>-</b>	<b>7,946,633</b>
<b>Balance at June 30, 2023</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>28,838,611</b>	<b>(289,000)</b>	<b>273,674,348</b>

	Capital Stock	Additional Paid in Capital	Retained Earnings	Treasury	Total
<b>Balance at January 1, 2022</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>26,958,285</b>	<b>(289,000)</b>	<b>271,794,022</b>
<b>Net income / (Loss)</b>	<b>-</b>	<b>-</b>	<b>(26,075,922)</b>	<b>-</b>	<b>(26,075,922)</b>
<b>Balance at June 30, 2022</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>882,363</b>	<b>(289,000)</b>	<b>245,718,100</b>

*See accompanying Notes to Financial Statements.*

**LMG CORP.**

---

**(FORMERLY LMG CHEMICALS CORP.)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED June 30, 2023 (UNAUDITED)**  
**(With Comparative Figures for June 30, 2022)**

	Note	January to June 2023	January to June 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax		<b>₱7,946,633</b>	(₱26,075,922)
Adjustments for:			
Interest income	4, 6	<b>(1,138,466)</b>	(121,815)
Dividend income		<b>(6,022,217)</b>	(5,721,882)
Unrealized gain (loss) on fair value through profit or loss		<b>(2,326,350)</b>	30,396,357
Operating loss before working capital changes		<b>(1,540,400)</b>	(1,523,262)
Decrease (increase) in:			
Financial assets at fair value through profit or loss		<b>2,347,912</b>	(15,102,607)
Receivable		<b>(7,644,042)</b>	10,088,083
Other current assets		<b>(284,470)</b>	(238,061)
Increase (decrease) in:			
Accrued expenses and other payables and other payables		<b>(200,000)</b>	(155,493)
Other current liabilities		<b>(6,911)</b>	(5,655)
Net cash used for operations		<b>(7,327,911)</b>	(6,936,995)
Interest received		<b>1,138,466</b>	121,815
Dividend income		<b>6,022,217</b>	5,721,882
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(167,228)</b>	(1,093,298)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>53,205,259</b>	54,971,652,
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTERS</b>		<b>₱53,038,031</b>	₱53,878,354

---

*See accompanying Notes to Financial Statements.*

---

**LMG CORP.**  
**(FORMERLY LMG CHEMICALS CORP.)**  
**NOTES TO FINANCIAL STATEMENTS**

---

**1. General Information**

**Corporate Information**

LMG Corp. (formerly LMG Chemicals Corp.) (the “**Corporation**”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (“**SEC**”) on August 19, 1970. The Corporation operates as a holding company.

The common shares of the Corporation were listed beginning January 7, 1986, and have been traded in the Philippine Stock Exchange (PSE) since then.

The registered office address of the Corporation is 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

---

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The financial statements of the Corporation have been prepared in compliance with Philippine Financial Reporting Standards (“**PFRS**”) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (“**PAS**”) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

**Measurement Basis**

The financial statements are presented in Philippine Peso, the Corporation’s functional currency.

All values are in absolute amounts, except when otherwise indicated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. 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 Corporation uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques:

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



If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Corporation recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information on assumptions used in fair value measurement is disclosed in Note 15 to the financial statements.

- Note 5 Financial Asset at FVPL
- Note 15 Fair Value Measurement

### **Adoption of Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amended PFRS, which the Corporation adopted effective January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.
- Annual Improvement to PFRS 2018 to 2020 Cycle -
  - o Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is 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 the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of these amended PFRS did not materially affect the Corporation’s financial statements.

### **Amended PFRS Issued But Not Yet Effective**

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

Effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements, and PFRS Practice Statement 2, Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

Effective January 1, 2024:

- Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least twelve (12) months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Corporation shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the Corporation’s financial statements. Additional disclosures will be included in the financial statements, as applicable.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial

liability or equity instrument of another entity.

*Date of Recognition.* The Corporation recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*“Day 1” Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Corporation recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Corporation deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Corporation determines the appropriate method of recognizing the “Day 1” difference.

### **Financial Assets**

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (“**FVPL**”), includes transaction cost.

*Classification.* The Corporation classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (“**FVOCI**”) and (c) financial assets at FVPL. The classification of a financial instrument largely depends on the Corporation’s business model for managing the asset and its contractual cash flow characteristics.

As at June 30, 2023, the Corporation does not have financial assets at FVOCI.

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within twelve (12) months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at June 30, 2023 and 2022, the Corporation’s cash and cash equivalents and receivables are classified under this category (see Notes 4 and 6).

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Cash equivalents are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

*Financial Assets at FVPL.* Financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not “solely for payment of principal and interest”, and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Corporation may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

This category also includes equity instruments which the Corporation had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at June 30, 2023, the Corporation’s investments in various listed equity securities are classified under this category (see Note 5).

*Reclassification.* The Corporation reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new carrying amount.

*Impairment of Financial Assets at Amortized Cost.* The Corporation recognizes an allowance for expected credit loss (“ECL”) for all debt instruments not held as financial asset at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at an approximation to the asset’s original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other debt instruments measured at amortized cost, the ECL is based on the twelve (12)-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within twelve (12) months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Corporation compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Corporation also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Financial assets at amortized costs are written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Corporation determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

*Derecognition.* A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Corporation has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Corporation’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Corporation could be required to repay.

### **Financial Liabilities**

*Initial Recognition and Measurement.* Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

*Classification.* The Corporation classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at June 30, 2023 and 2022, the Corporation does not have financial liabilities at FVPL.

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Corporation having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at June 30, 2023, and 2022, the Corporation's accrued expenses and other payables (excluding statutory payables) are classified under this category (see Note 8).

*Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in statements of comprehensive income.

*Classification of Financial Instrument between Liability and Equity.* A financial instrument is classified as liability 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 Corporation; 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 Corporation 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.

#### **Offsetting of Financial Assets and Liabilities**

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

#### **Other Nonfinancial Assets**

Other current assets consist of input value-added tax (VAT) and prepayments.

*Input VAT.* VAT is a tax on consumption levied on the sale, barter, exchange or lease of goods, or properties and services, and on the importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses and assets are generally recognized net of the amount of VAT. Input VAT is recognized to the extent that is recoverable. Any excess input VAT assessed as unrecoverable is provided with allowance for impairment.

*Prepayments.* Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized within twelve (12) months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

### **Impairment of Nonfinancial Assets**

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued and outstanding.

*Additional Paid-in Capital (APIC).* APIC represents the proceeds and/or fair value of considerations received in excess of par value of the issued. Incremental costs directly attributable to the issuance of new stocks are recognized as a deduction from equity, net of any tax effects.

*Retained Earnings (Deficit).* Retained earnings (deficit) represent the cumulative balance of net income or loss, net of any dividend declarations. At each reporting date, net income or loss of the Corporation is transferred to retained earnings. When the retained earnings amount has a debit balance, it is called 'deficit'. A deficit is a deduction from equity.

*Treasury Stock.* Treasury stock pertains to the Corporation's common shares which were reacquired, recorded at cost and is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale or cancellation of the Corporation's common shares. Any difference between the carrying amount and the consideration received, if any, upon reissuance or cancellation of shares is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Corporation and no dividends are allocated to them.

### **Revenue Recognition**

Revenue is recognized to the extent that it is possible that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties.

The Corporation also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Corporation has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria for revenues outside the scope of PFRS 15, *Revenue from Contracts with customers*:

*Trading Gains on Financial Assets at FVPL.* Trading gains on financial assets at FVPL include all gains and losses from changes in fair value and disposal of financial assets at FVPL. Unrealized gains or losses are recognized in profit or loss upon remeasurement of the financial assets at FVPL at each reporting date. Gains or losses from sale of financial assets at FVPL are recognized in profit or loss upon confirmation of trade deals.

*Interest income.* Interest income is recognized in profit or loss as it accrues taking into account the effective yield on the asset, net of final taxes.

*Dividend Income.* Dividend Income is recognized when the Corporation's right to receive payment is established.

### **Expense Recognition**

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. These are expensed as incurred.

### **Income Taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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



of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

### **Related Party Transactions**

Related party transactions are transfer of resources, services or obligations between the Corporation and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Corporation; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Corporation that gives them significant influence over the Corporation and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

### **Segment Reporting**

The Corporation reports separate information about each operating segment identified. An operating segment is a component of the Corporation that engages in business activities: from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporation's other components; from whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment; and for which discrete information is available.

### **Provisions and Contingencies**

*Provisions.* Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of

money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

### **Income (Loss) per Share**

Basic income per share is calculated by dividing the net income for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted income (loss) per share is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

### **Events After the Reporting Date**

Post year-end events that provide additional information about the Corporation's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements, when material. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

---

## **3. Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS requires management to exercise judgments and make accounting estimates and assumptions that affect the reported amounts in the financial statements and related notes. The judgments, accounting estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Corporation believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

The following are the significant judgment, accounting estimates and assumptions made by the Corporation:

### **Judgments**

*Classification of Financial Assets.* Classification and measurement of financial assets depends on the results of the contractual cash flow and the business model tests. The Corporation determines the

business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Corporation irrevocably designated its investments in listed equity securities as financial assets at FVPL (see Note 5).

Cash and cash equivalents and receivables were classified as financial assets at amortized cost (see Notes 4 and 6).

#### **Accounting Estimates and Assumptions**

*Assessment for Impairment Losses on Financial Assets at Amortized Cost.* The Corporation determines the allowance for impairment losses using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. Impairment loss is provided for credit losses that result from possible default events within the next twelve (12) months unless there has been a significant increase in credit risk since initial recognition in which case ECLs are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Corporation considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions;
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Corporation also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Corporation has assessed that the impairment losses on financial assets at amortized cost are not material because the transactions with respect to these financial assets were entered into by the Corporation only with reputable banks and a related party with good credit standing and relatively low risk of defaults except for receivables.

No provision for impairment losses on financial assets at amortized cost was recognized as of June 30, 2023 and 2022. Allowance for impairment losses on nontrade receivables amounted to ₱62,912,858 as at June 30, 2023 and 2022 (see Note 6).

The carrying amounts the Corporation's financial assets at amortized cost are as follows:

	Note	June 30, 2023	December 2022
Cash in banks and cash equivalents	4	₱53,028,031	₱53,195,259
Receivables	6	9,049,197	1,405,154

\*Excluding cash on hand amounting to ₱10,000 as at June 30, 2023 and December 31, 2022.

*Assessment for Impairment of Nonfinancial Assets.* The Corporation assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the Corporation considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

There were no impairment losses on input VAT as of June 30, 2023 and 2022. The carrying amount of other nonfinancial assets amounted to ₱1,568,047 and ₱1,283,577 as at June 30, 2023 and December 31, 2022, respectively (see Note 7).

*Recognition of Deferred Tax Assets.* The Corporation reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance 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.

---

#### 4. Cash and Cash Equivalents

This account consists of:

	<b>June 2023 (Unaudited)</b>	December 2022 Audited
Cash on hand	<b>₱10,000</b>	₱10,000
Cash in banks	<b>315,277</b>	596,930
Short-term placements	<b>52,712,754</b>	52,598,329
	<b>₱53,038,031</b>	₱53,205,259

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the Corporation's current operations. Short-term placements are made for varying periods of up to three (3) months and earn interest ranging from 4.5% to 5.875% per annum.

Details of interest income are as follows:

	<b>June 2023 (Unaudited)</b>	December 2022 (Audited)
Short-term placements	<b>₱1,138,383</b>	₱723,913
Cash in banks	<b>83</b>	214
	<b>₱1,138,466</b>	₱724,127

---

## 5. Financial Asset at Fair Value Through Profit or Loss

Financial assets at FVPL represent listed equity securities held by the Corporation for trading purposes amounting to ₱210,023,778 and ₱210,045,340 as at June 30, 2023 and December 31, 2022.

Dividend income earned from financial assets at FVPL amounted to ₱6,022,217 and ₱5,721,882 for the two quarters ending June 30, 2023, and June 30, 2022, respectively.

Trading gains on financial assets at FVPL consists of:

	<b>June 2023</b> <b>(Unaudited)</b>	June 2022 (Unaudited)
Unrealized gain (loss) on FAFVPL	<b>₱2,326,350</b>	(₱30,396,357)
Realized gains (loss) on sale of trading securities	<b>(263,365)</b>	(436,300)
	<b>₱2,062,985</b>	(₱30,832,657)

The Corporation's financial assets at FVPL as at June 30, 2023 and December 31, 2022 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on quoted market prices or bidding dealer price quotations from active market as at reporting date.

---

## 6. Receivables

This account consists of:

	<b>June 2023</b> <b>(Unaudited)</b>	December 2022 (Audited)
Nontrade receivables	<b>₱62,912,858</b>	₱62,912,858
Advances to stockbroker	<b>8,530,562</b>	1,310,477
Interest receivable	<b>518,635</b>	94,677
	<b>71,962,055</b>	64,318,012
Less allowance for impairment losses on receivables	<b>(62,912,858)</b>	(62,912,858)
	<b>₱9,049,197</b>	₱1,405,154

Nontrade receivables include amounts collectible from previous stockholders of the Corporation which was fully provided with provision for impairment losses.

Advances to stockbroker pertain to funds issued by the Corporation for stock investment.

Interest receivable arising from short-term placements is generally collectible within one (1) month.

Allowance for impairment losses on receivables amounted to ₱62,912,858 as at June 30, 2023 and December 31, 2022. No provision for impairment losses on receivables was recognized as of June 30, 2023 and 2022.

---

## 7. Other Current Assets

This account consists of:

	June 2023 (Unaudited)	December 2022 (Audited)
Input VAT	₱1,732,314	₱1,604,820
Prepayments	125,838	5,862
Others	132,000	95,000
	1,990,152	1,705,682
Less allowance for impairment losses	(422,105)	(422,105)
	₱1,568,047	₱1,283,577

The balance and movement of additional impairment loss on other current assets are as follows for June, 2023 and 2022.

	June 2023 (Unaudited)	December 2022 (Audited)
Balance at the beginning	₱422,105	₱422,105
Write-Off	0	0
	₱422,105	₱422,105

---

## 8. Accrued Expenses and Other Payables

This account consists of:

	June 2023 (Unaudited)	December 2022 (Audited)
Accrued expenses	₱7	₱200,007
Others	4,698	11,608
	₱4,705	₱211,615

Accrued expenses and other payables pertain to professional, accounting, legal services and statutory payables incurred but not yet paid by the Corporation. These are generally unsecured, noninterest-bearing and are payable within one (1) year.

---

## 9. Equity

### Capital Stock

Details of the Corporation's capital stock at ₱1 par value as at June 30, 2023 and 2022 are as follows:

	Number of Shares	Amount
Authorized	200,000,000	₱200,000,000
Issued	193,644,204	193,644,204

Outstanding 193,544,176 193,544,176

On August 2, 2021 and September 16, 2021, the Board of Directors (“**BOD**”) and stockholders, respectively, approved the proposed amendment to the Articles of Incorporation of the Corporation to reduce the par value of its shares of stock from ₱1 to ₱0.10 per share.

As at June 30, 2023, the amendment to the Articles of Incorporation has not yet been approved by the SEC.

#### **Treasury Stock**

The Corporation has treasury stock with cost amounting to ₱289,000 representing 100,028 shares at ₱1 par value per share as at June 30, 2023 and December 31, 2022.

#### **Capital Management**

The primary objective of the Corporation’s capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and maximize shareholder value.

The Corporation considers equity contributions from stockholders totaling ₱245,124,737 as at June 30, 2023 and December 31, 2022 as its capital employed.

The Corporation manages its capital structure and makes adjustments to it whenever there are changes in economic conditions. To maintain or adjust the capital structure, the Corporation may adjust its borrowings or raise capital. No changes were made in the objectives, policies, or processes as of June 30, 2023.

---

#### **10. General and Administrative Expenses**

This account consists of:

	<b>January to June 2023</b>	<b>January to June 2022</b>
Professional fees	<b>₱668,333</b>	₱662,333
Taxes and licenses	<b>330,939</b>	246,976
Commission	<b>164,953</b>	119,815
Stock Transaction fees	<b>21,236</b>	15,432
Others	<b>91,574</b>	42,406
	<b>₱1,277,035</b>	₱1,086,962

---

#### **11. Related Party Transactions**

In the normal course of business, the Corporation has transactions with its related party. The table below summarizes the related party transactions of the Corporation as at June 30, 2023.

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount of Transactions</u>	<u>Outstanding Balance</u>
<b>Receivables</b>			
Entity under common key management	Advances for stock broker	₱0	₱8,530,561
	Commission expense	164,953	-

Outstanding balance is unsecured, noninterest-bearing and to be collected in cash within one (1) year. No impairment loss was recognized on receivables from related party as of June 30, 2023.

#### **Compensation of Key Management Personnel**

Key management personnel of the Corporation are also members of its BOD. No compensation was provided by the Corporation to key management personnel as of June 30, 2023 and in 2022.

---

#### **12. Income Taxes**

The Corporation has no current income tax expense for the two quarters of 2023 and for the year 2022. Sale on Financial Asset at FVPL, interest, and dividend income were subjected to final tax.

---

#### **13. Income (Loss) per Share**

Basic/diluted income (loss) per share attributable to the Corporation's stockholders is computed as follows:

	<b>June 2023</b>	<b>June 2022</b>
<b>Net income (loss) (a)</b>	<b>₱7,946,633</b>	<b>(₱26,075,922)</b>
Weighted average number of shares		
outstanding (b):		
Issued	<b>193,644,204</b>	193,644,204
Held in treasury	<b>(100,028)</b>	(100,028)
	<b>193,544,176</b>	193,544,176
<b>Income (loss) per share from operations (a/b)</b>	<b>₱0.041</b>	<b>(₱0.135)</b>

---

#### **14. Financial Risk Management, Objectives and Policies**

The Corporation's financial instruments consist of cash and cash equivalents, financial assets at FVPL, receivables, and accrued expenses and other payables (excluding statutory payables) arising directly from its operations.

The main financial risks arising from the Corporation's use of these financial instruments are equity price risk, credit risk and liquidity risk. The BOD regularly reviews and approves on certain policies for managing these financial risks.



**Equity Price Risk**

Equity price risk is the risk that the Corporation will incur economic losses due to adverse changes in a particular stock or stock index. As at June 30, 2023, equity instrument that is subject to equity price risk includes quoted financial assets at FVPL amounting to ₱210,023,778.

**Credit Risk**

The Corporation’s exposure to credit risk arises from the failure on the part of its counterparty to fulfill its financial commitments to the Corporation under the prevailing contractual terms. Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash in banks, short-term placements and receivables.

The Corporation limits its exposure to credit risk by investing its cash in banks and short-term placements only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments. In addition, receivables are entered into with companies with good credit standing and relatively low risk of defaults. Further, these are monitored on an on-going basis to ensure collections.

It is the Corporation’s policy to measure ECL on the above instruments on a twelve (12)-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL

When determining if there has been a significant increase in credit risk, the Corporation considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Corporation also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the counterparty.

The Corporation's maximum amount of credit risk exposure without taking into account any collateral, other credit enhancement or other credit risk mitigating features is shown below:

	June, 2023		
	06-month ECL	Lifetime ECL - credit impaired	Total
Cash in banks and short-term placements	₱53,028,031	₱-	₱53,028,031
Receivables	9,049,197	62,912,858	71,962,055
	<b>62,077,228</b>	<b>₱62,912,858</b>	<b>₱124,990,086</b>

	December 2022		Total
	12-month ECL	Lifetime ECL - credit impaired	
Cash in banks and short-term placements	₱53,195,259	₱—	53,195,259
Receivables	1,405,154	62,912,858	64,318,012
	₱54,600,413	₱62,912,858	₱117,513,271

### **Liquidity Risk**

The Corporation's exposure to liquidity risk arises from the possibility that it may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Corporation's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

Based on contractual undiscounted payments, the Corporation's financial liability (excluding statutory payables) as at June 30, 2023 and December 31, 2022 amounting to ₱7 and ₱200,007, respectively are due within one (1) year.

### **15. Fair Value Measurement**

The following table presents the carrying amount and fair value of the Corporation's asset measure at fair value and the corresponding fair value hierarchy:

	June 2023 (Unaudited)	December 2022 (Audited)
<b>Asset Measured at Fair Value</b>		
Financial assets at FVPL	<b>210,023,778</b>	210,045,340

The Corporation's financial assets at FVPL as at June 30, 2023 and December 31, 2022 are carried at fair value based on sources classified under level1 category. The fair value of the financial assets at FVPL are based on quoted market prices from active markets as at the reporting dates.

The table below presents the financial assets and liability of the Corporation whose amounts approximate its fair value due to their short-term nature or whose fair value cannot be reliably measured as at June 30, 2023 and December 31, 2022.

	June 2023 (Unaudited)	December 2022 (Audited)
<b>Financial assets at amortized cost</b>		
Cash and cash equivalents	₱53,038,031	₱53,205,259
Receivables	9,049,197	1,405,154
	<b>₱62,087,228</b>	₱54,610,413
<b>Financial Liability</b>		
Financial liability at amortized cost -		
Accrued expenses and other payables*	₱7	₱200,007

\*Excluding statutory payables amounting to ₱4,698 and ₱11,608 as at June 30, 2023 and December 31, 2022

---

16. **Supplementary information under Revenue Regulation No 15-2010 of the Bureau of Internal Revenue (“BIR”)**

**Output VAT**

The Corporation does not have revenues subjected to output VAT for the two quarters ending June 30, 2023.

**Input VAT**

The movement in the input VAT paid by the Corporation for the first two quarters ending June 30, 2023 is shown below:

Beginning balance	₱1,604,820
Domestic purchases/payments for the quarters	
Ending June 30, 2023	<u>127,494</u>
	<u>₱1,732,314</u>

**Tax Assessments**

The Corporation has no pending deficiency tax assessment from the BIR as at June 30, 2023.

**Tax Cases**

The Corporation has no pending tax case in courts or other regulatory bodies outside of the BIR as at June 30, 2023

**LMG CORP.**  
**(FORMERLY LMG CHEMICALS CORP.)**

---

**AGING OF ACCOUNTS RECEIVABLE TRADE**  
**AS OF JUNE 30, 2023**

<b>Customer</b>	<b>Total Amount</b>	<b>Current</b>	<b>1-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>121-180 days</b>	<b>over 180 days</b>
None	₱9,049,197	9,049,197	0	0	0	0	0	0

Notes: Other receivables consists of Interest from Banco de Oro amounting to ₱518,635 and the balance on stock investment trading account with Value Quest Securities Corporation amounting to ₱8,530,561.

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE A**  
**FINANCIAL ASSETS**  
**June 30, 2023**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
<b>Cash equivalents:</b>			
Banco de Oro	₱52,712,754	₱52,712,754	₱1,138,383
<b>Cash in banks:</b>			
Banco de Oro	252,104	252,104	65
Metropolitan Bank and Trust Company	63,173	63,173	18
	315,277	315,277	83
<b>Stock Investment at FVPL</b>	210,023,778	210,023,778	0
<b>TOTAL</b>	₱263,051,809	₱263,051,809	₱1,138,466

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE B**  
**AMOUNTS RECEIVABLE FROM**  
**DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES**  
**AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**  
**June 30, 2023**

Name and designation of debtor	Balance at beginning of year	Deduction	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the quarter
Value Quest Securities Corporation	<b>1,310,477</b>		7,220,084	None	8,530,561	None	8,530,561







**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE E**  
**LONG-TERM DEBT**  
**June 30, 2023**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest rate	Maturity dates
None	None	None	None	None	None

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE F**  
**INDEBTEDNESS TO RELATED PARTIES**  
**June 30, 2023**

Name of related party	Balance at beginning of year	Balance at end of year
None	None	None

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE G**  
**GUARANTEES OF SECURITIES AND OTHER ISSUERS**  
**June 30, 2023**

Name of issuing entity of securities guaranteed by the Corporation for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
None	None	None	None	None

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SCHEDULE H**  
**CAPITAL STOCK**  
**June 30, 2023**

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stock	200,000,000	193,644,204	–	–	100	193,644,104

**LMG CORP.**  
**(Formerly LMG Chemicals Corp.)**

---

**SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION OF THE CORPORATION  
June 30, 2023**

Retained Earnings, beginning		₱20,891,978
Less: Unrealized gain on valuation of financial assets at FVPL from prior years		<u>38,268,389</u>
Deficit, as adjusted, beginning		(17,376,411)
Add: Net income actually earned/realized during the quarter	<b>7,946,633</b>	
Net loss based on the face of audited financial statements		
Less: Unrealized gain on valuation of financial assets at FVPL	<u>(2,326,350)</u>	5,620,283
Deficit, as adjusted, ending		<u>(₱11,756,128)</u>

**SUMMARY OF THE MINUTES OF THE LAST ANNUAL STOCKHOLDERS’ MEETING**  
**HELD ON 15 SEPTEMBER 2022**

LMG Corp. (the “Corporation” formerly known as LMG Chemicals Corp.) held its annual stockholders’ meeting on September 15, 2022 via remote communication (Zoom Videoconference) at 9:30 am. Stockholders representing 128,933,470 common shares of the Corporation’s outstanding capital stock, constituting approximately 66.62% of the Corporation’s total outstanding capital stock were present in person or by proxy in this annual stockholders’ meeting. The attendance report is as follows:

	<b><u>STOCKHOLDERS</u></b>	<b><u>POSITION</u></b>	<b><u>NO. OF SHARES</u></b>
1.	Ann Marietta L. Sytin	Director	98,583,459
2.	Robinson W. Siao	Vice Chairman / President / CEO	29,000,001
3.	Rommel L. Sytin	Chairman / Treasurer	500,001
4.	Eduardo H. Yap	Director	850,000
5.	Regis V. Puno	Director	1
6.	Constantino L. Navarro III	Director	1
7.	Rafael L. Andrada	Independent Director	1
8.	Wilbert S. Cua	Independent Director	1
9.	Sixto S. Esquivias IV	Independent Director	1
10.	Value Quest Securities Corporation (By Proxy)	N/A	4
Total number of shares present and represented at the meeting			128,933,470
Total number of shares outstanding			193,544,176 (excluding 100,028 treasury shares)

The stockholders, constituting two-thirds (2/3) of the outstanding capital stock of the Corporation approved and ratified the following:

1. Minutes of the annual meeting of the stockholders held on September 16, 2021;
2. The 2021 audited financial statements;
3. Approval and ratification of all acts of the Board of Directors, the Board Committees, and management during their respective terms of office;
4. Amendment of the Articles of Incorporation to reflect the change in the principal address of the Corporation;

5. Amendment of the Amended By-Laws;

6. Election of Directors. The following were elected:

As regular directors:

- a) Ann Marietta L. Sytin
- b) Rommel L. Sytin
- c) Robinson W. Siao
- d) Constantino L. Navarro III
- e) Regis V. Puno
- f) Eduardo H. Yap

As independent directors:

- g) Rafael L. Andrada
- h) Sixto S. Esquivias IV
- i) Wilbert S. Cua

7. Appointment of External Auditor: Reyes Tacandong & Co.; and

8. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of July 30, 2021.

**SUMMARY OF THE RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS***1. Organizational Meeting of the Board of Directors held on September 15, 2022*

The Board of Directors of LMG Corp. (the “Corporation”) held its organizational meeting on September 15, 2022 via remote communication (Zoom Videoconference) right after the annual meeting of its stockholders.

During the meeting, the following were elected as officers of the Corporation for the year 2022-2023 to serve as such until their successors shall have been duly elected and qualified.

<b>Position</b>	<b>Name</b>
Chairman of the Board/Corporate Treasurer/Chief Risk Officer	Rommel L. Sytin
Vice-Chairman of the Board/President and Chief Executive Officer	Robinson W. Siao
Corporate Secretary	Ranulfo Gerardo V. Payos, Jr.
Assistant Corporate Secretary	Eduardo G. Castelo
Compliance Officer	Ronald Ian W. Ching

The Board of Directors also appointed a lead director among the independent directors. The Board of Directors approved the following resolution:

**RESOLVED**, That the Board of Directors of **LMG CORP.** (the “Corporation”) hereby appoints Rafael L. Andrada as the lead director among the independent directors.

The Board of Directors thereafter re-appointed the members of the Audit Committee. The Board of Directors approved the following resolution:

**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) re-appoints the following Directors as members of the Audit Committee:

<b>Position</b>	<b>Name</b>
Chairman of the Audit Committee	Sixto S. Esquivias, IV
Member	Wilbert S. Cua
Member	Constantino L. Navarro III

Thereafter, the Board of Directors re-appoints the members of the Corporate Governance Committee. The Board of Directors approved the following resolution:



**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) re-appoints the following Directors as members of the Corporate Governance Committee:

<b>Position</b>	<b>Name</b>
Chairman of the Corporate Governance Committee	Wilbert S. Cua
Member	Sixto S. Esquivias, IV
Member	Rafael L. Andrada

Thereafter, the Board of Directors re-appointed the members of the Board Risk Oversight Committee. The Board of Directors approved the following resolution:

**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) re-appoints the following Directors as members of the Board Risk Oversight Committee:

<b>Position</b>	<b>Name</b>
Chairman of the Board Risk Oversight Committee	Rafael L. Andrada
Member	Sixto S. Esquivias, IV
Member	Eduardo H. Yap

Thereafter, the Board of Directors re-appointed the members of the Related Party Transaction Committee. The Board of Directors approved the following resolution:

**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) re-appoints the following Directors as members of the Related Party Transaction Committee:

<b>Position</b>	<b>Name</b>
Chairman of the Related Party Transaction Committee	Sixto S. Esquivias, IV
Member	Wilbert S. Cua
Member	Regis V. Puno

Thereafter, the Board of Directors re-appointed the members of the Investment Committee. The Board of Directors approved the following resolution:

**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) re-appoints the following Directors as members of the Investment Committee:

<b>Position</b>	<b>Name</b>
Chairman of the Committee	Robinson W. Siao
Member	Rommel L. Sytin
Member	Wilbert S. Cua
Member	Rafael L. Andrada

Thereafter, the Board of Directors approved the adoption of the policy in relation to the Company’s continuous compliance with the Integrated Annual Corporate Governance Report. The Board of Directors approved the following resolution:

**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) hereby adopts the policy to continuously comply with the recommendations of the Integrated Annual Corporate Governance Report as may be applicable and practicable to the Corporation.

*2. Special Meeting of the Board of Directors held on March 28, 2023*

The Board of Directors of LMG Corp. held its special meeting on March 28, 2023 via teleconference.

During the meeting and upon review, the Board of Directors approved the 2022 Audited Financial Statements upon a motion duly made and seconded, the following:

**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) approves, confirms, adopts, and authorizes the release of the audited financial statements of the Corporation for the year ended 31 December 2022 (the “AFS”);

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation appoints Mr. Robinson W. Siao as its authorized representative to make the necessary arrangements in order to effect the release or issuance of the Corporation’s AFS, and to sign, execute, an/or deliver any and all documents in the name of the Corporation in connection therewith, including signing of the relevant documents connected thereto, as well as the performance of all other acts incidental therewith;

**RESOLVED, FINALLY**, that a signed true copy of these resolutions be submitted to Reyes Tacandong & Co. and shall serve as the written authority of Mr. Robinson W. Siao in effecting the approval and release of the AFS and which resolutions shall remain valid until the same are otherwise revoked.

3. *Special Meeting of the Board of Directors held on April 20, 2023*

The Board of Directors of LMG Corp. held its special meeting on April 20, 2023 at Unit 1915, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City.

During the meeting and upon review, the Board of Directors authorized the transaction with the Bureau of Internal Revenue. Upon motion duly made and seconded, the following resolutions were unanimously approved and adopted:

**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) authorizes the Corporation to apply and file any and all necessary and/or relevant applications and approvals, as may be applicable to the Corporation. with the Bureau of Internal Revenue (“BIR”), including but not limited to, application for the transfer of its registration with the applicable Revenue District Office, application to update the Certificate of Registration of the Corporation, and application to update its Authority to Print invoices and receipts (collectively, the “Application”);

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation singly authorizes Jennifer G. Borja, Roel B. Pullan, or Rolly L. Ansus to process the Application and to do all acts necessary for the fulfillment of the said purpose;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation singly authorizes Jennifer G. Borja, Roel B. Pullan, or Rolly L. Ansus, to sign, execute, and deliver the required documents necessary for the Application on behalf of the Corporation, and to perform all acts and deeds, that may be required, necessary or appropriate to implement the foregoing resolutions;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation gives and grants unto the said authorized representatives full power and authority to perform all and every act requisite and necessary to carry into effect the foregoing authority, as fully to all intents and purposes as the Corporation might or could lawfully do;

**RESOLVED, FINALLY**, that the foregoing resolutions shall remain valid unless otherwise revoked.

The Board of Directors also authorized representatives to transact with government and regulatory agencies such as but not limited to, the Securities and Exchange Commission, the Philippine Stock Exchange, the Social Security System, the Philippine Health Insurance Corporation, the Home Development Mutual Fund or Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno, the Department of Labor and Employment, the National Labor Relations Commission, the Executive Court of Pasig City, the Executive Court of Makati City, and the Executive Court of Taguig City. Upon motion duly made and seconded, the following resolutions were unanimously approved and adopted:

**RESOLVED**, that the Board of Directors of **LMG CORP.** (the “Corporation”) authorizes the Corporation to obtain approvals and permits to secure clearances and certifications with various government and regulatory agencies, including but not limited to, the Securities and

Exchange Commission (“SEC”), the Philippine Stock Exchange (“PSE”), the Social Security System (“SSS”), the Home Development Mutual Fund (“HDMF”) or *Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno* (“Pag-IBIG”), Philippine Health Insurance Corporation (“PhilHealth”), Department of Labor and Employment (“DOLE”), National Labor Relations Commission (“NLRC”), the Executive Court of Pasig City, the Executive Court of Makati City, and the Executive Court of Taguig City;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation singly authorizes Jennifer G. Borja, Roel B. Pullan, Rolly L. Ansus, Atty. Ranulfo Gerardo V. Payos, Jr., its Corporate Secretary, Puno and Puno Law Offices, Atty. Roberto T. Santiago, Jr., Atty. Maria Louise R. Querido, Atty. Carl Lemuel P. Marquez, Atty. Selina Alessandra M. Miranda, George M. Macaroncio, Mark Anthony J. Pacanza, or any of the lawyers and paralegals of Puno and Puno Law Offices, to sign, execute, and deliver the required documents, on behalf of the Corporation, in obtaining from the SEC, the PSE, the SSS, the HDMF or Pag-IBIG, the PhilHealth, the DOLE, the NLRC, the Executive Court of Pasig City, the Executive Court of Makati City, and the Executive Court of Taguig City and other government and regulatory agencies all necessary and/or relevant permits, approvals, clearances, and certifications;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation gives and grants unto the said authorized representatives full power and authority to perform all and every act requisite and necessary to carry into effect the foregoing authority, as fully to all intents and purposes as the Corporation might or could lawfully do;

**RESOLVED, FINALLY**, that the foregoing resolutions shall remain valid unless otherwise revoked.

#### *4. Special Meeting of the Board of Directors held on June 6, 2023*

The Board of Directors of LMG Corp. held its special meeting on June 6, 2023 via teleconference.

During the meeting and upon review, the Board of Directors authorized the Corporation to enter into a Share Purchase Agreement. Upon motion duly made and seconded, the following resolutions were unanimously approved and adopted:

**RESOLVED**, that **LMG CORP.** (the “**Corporation**”) be authorized to sell One Hundred Twenty-Nine Million Six Hundred Seventy-Four Thousand Five Hundred Ninety-Eight (129,674,598) common shares (“**Shares**”) in LMG Corp. to Maxwealth Infinity Holdings Corp. (“**Maxwealth**”) or to its nominees or assignees;

**RESOLVED, FURTHER**, that in connection with the sale of the Shares, the Corporation be authorized to negotiate, sign, execute, and deliver the Share Purchase Agreement, Deed of Absolute Sale, and all other documents, papers and instruments, as may be necessary to implement this

transaction, under such terms and conditions as the Corporation's authorized signatories below may deem beneficial to the Corporation;

**RESOLVED, FURTHER**, that for purposes of the foregoing, Vice-Chairman, Robinson W. Siao, is hereby authorized to negotiate, sign, execute, and deliver, for and on behalf of the Corporation, the aforementioned agreements, papers, and instruments;

**RESOLVED, FURTHER**, the Corporation authorizes the Corporate Secretary, Assistant Corporate Secretary, or designated Secretary of the Meeting, to issue the appropriate resolutions or secretary's certificates in such form as may be required, necessary, or desirable in connection with the abovementioned resolutions;

**RESOLVED, FINALLY**, that any prior resolutions in connection with the sale of the Shares of the Corporation inconsistent with the sale of the Shares to Maxwealth, or to its nominees or assignees are hereby revoked.

*5. Special Meeting of the Board of Directors held on June 15, 2023*

The Board of Directors of LMG Corp. (the "Corporation") held its special meeting on June 15, 2023 at Unit 1915, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

During the meeting and upon review, the Board of Directors authorized the Corporation to execute documents to comply with the Philippine Stock Exchange's ("PSE") Revised Rules on Backdoor Listing and other applicable laws and regulations of government agencies, including the PSE and the Securities and Exchange Commission.

**WHEREAS**, on 6 June 2023, the principal shareholders of **LMG CORP.** (the "Corporation"), Ann Marietta L. Sytin, Robinson W. Siao, and Value Quest Securities, Corp. on behalf of Rommel L. Sytin, Eduardo H. Yap, and Brandon Derick S. Sy (the "Sellers"), entered into a share purchase agreement with Maxwealth Infinity Holdings Corp. (the "MIHC") (the "Share Purchase Agreement") for the sale of the Sellers' combined stake of sixty-seven percent (67%) or One Hundred Twenty-Nine Million Six Hundred Seventy-Four Thousand Five Hundred Ninety-Eight (129,674,598) common shares in the Corporation for a consideration of Four Hundred Two Million Pesos (Php402,000,000.00) (the "Transaction");

**WHEREAS**, on 7 June 2023, the Corporation submitted a disclosure to the Philippine Stock Exchange ("PSE") on the execution of the Share Purchase Agreement, the rationale of the Transaction, the benefit of the Transaction to the Corporation, the types of business that MIHC usually invests in, or will invest in, and the timeline of the Transaction;

**WHEREAS**, at 9:30 a.m. on 7 June 2023, the PSE imposed a trading halt on the Corporation's shares and a trading suspension at 1:00 p.m. on the same day since it determined that the Transaction would result in a change of control of the Corporation and/or a substantial change in the Corporation's business;

**WHEREAS**, the PSE issued a letter to the Corporation dated 7 June 2023 on the applicability of PSE’s Revised Rules on Backdoor Listing (the “Rules”) on the Transaction and directed the Corporation to comply with the applicable requirements under the Rules including, among others, a comprehensive corporate disclosure (“CCD”) and a sworn undertaking to comply with the lock-up requirement under Section 9 of the Rules;

**RESOLVED**, that the Board of Directors of the Corporation authorizes the Corporation to comply with the requirements under the Rules and other applicable laws and regulations of government agencies, including the PSE and the Securities and Exchange Commission, in relation to the Transaction;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation authorizes any one of: (a) Robinson W. Siao, its Vice-Chairman of the Board of Directors; (b) Ronald Ian W. Ching, its Compliance Officer; and (c) Atty. Ranulfo Gerardo V. Payos, Jr., its Corporate Secretary, to sign, execute, and deliver, on behalf of the Corporation, any and all documents to comply with the requirements of the Rules in connection with the Transaction, including, among others, the CCD and sworn undertaking to comply with the lock-up requirements under Section 9 of the Rules, and such other applicable laws and regulations, and to perform any and all acts and deeds, that may be required, necessary, or appropriate to implement the Transaction

**RESOLVED, FURTHER**, that Corporation gives and grants unto the said authorized representatives full power and authority to perform all and every act requisite and necessary to carry into effect the Transaction, as fully to all intents and purposes as the Corporation might or could lawfully do;

**RESOLVED, FINALLY**, that the foregoing resolutions shall remain valid unless otherwise revoked.

*6. Special Meeting of the Board of Directors held on August 7, 2023*

The Board of Directors of LMG Corp. (the “Corporation”) held its special meeting on August 7, 2023 at Unit 1915, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

During the meeting and upon review, the Board of Directors authorized the Corporation to participate in the tender offer of Holderfin B.V. for the common shares of Holcim Philippines, Inc. owned by the Corporation.

**RESOLVED**, that the Board of Directors of LMG CORP. (the “Corporation”) hereby authorizes the participation by the Corporation in the tender offer of shares of stock of HOLCIM PHILIPPINES, INC. (“HLCM”), offered by Holderfin B.V. (the “Bidder”) (the “Tender Offer”) pursuant to the Terms and Conditions of the Tender Offer and, for this purpose, the Corporation is hereby authorized to tender for acceptance and purchase by the Bidder Four Hundred Fifty Thousand (450,000) common shares in HLCM, at the Tender Offer Price (as defined in the Tender Offer

Report dated 10 July 2023), in accordance with and subject to the terms and conditions of the Tender Offer as stated therein;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation singly authorizes Rommel L. Sytin, the Chairman, and Robinson W. Siao, the Vice-Chairman, to participate in the said Tender Offer, whose respective signatures shall bind the Corporation in Annex “A”;

**RESOLVED, FURTHER**, that Corporation gives and grants unto any of the above authorized agents to sign, execute and deliver any agreement, applications, or documents required in order to give effect to the transfer of the Tender Offer Shares, including the Deed of Absolute Sale covering the Tender Offer Shares, and every act requisite and necessary to carry into effect the Tender Offer, as fully to all intents and purposes as the Corporation might or could lawfully do;

**RESOLVED, FINALLY**, that the foregoing resolutions shall remain valid unless otherwise revoked.”

*7. Special Meeting of the Board of Directors held on August 11, 2023*

The Board of Directors of LMG Corp. (the “Corporation”) held its special meeting on August 11, 2023 at Unit 1915, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

During the meeting and upon review, the Board of Directors authorized and approved the resolution postponing the Annual Stockholders’ Meeting scheduled on September 21, 2023 to another date as may be determined by the Board.

**RESOLVED**, that, in order to enable the Corporation to comply with all the regulatory requirements in view of the Share Purchase Agreement dated 6 June 2023, the Board of Directors of LMG CORP. (the “Corporation”) hereby authorizes and approves the postponement of the Annual Stockholders’ Meeting (“ASM”) scheduled on 21 September 2023;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation hereby authorizes the announcement of the resetting of the ASM on another date as may be determined by the Board;

**RESOLVED, FINALLY**, that the foregoing resolutions shall remain valid unless otherwise revoked.

The Board also approved the resolutions for the filing a Petition for Correction of the Amended Articles of Incorporation of the Corporation with the Securities and Exchange Commission.

**WHEREAS**, as errors were made in the preparation of LMG Corp.’s (the “Corporation”) Amended Articles of Incorporation approved by the Securities and Exchange Commission (“SEC”) on 25 June 2020, particularly in **Article Eight** on the number of shares and amount of capital stock subscribed by Dr. Eusebio S. Garcia;

**WHEREAS**, there is a need to correct the Amended Articles of Incorporation to read:

EIGHTH: That the amount of said capital stock which has been actually subscribed is TWO MILLION PESOS (P2,000,000.00) and the following persons have subscribed for the number of shares and the amount of capital stock set out opposite their respective names:

<u>Name</u>	<u>Nationality</u>	<u>No. of Shares</u>	<u>Amount of Capital Stock Subscribed</u>
Dr. EUSEBIO S. GARCIA	Filipino	<b><u>1,000,000</u></b>	<b><u>P1,000,000</u></b>
Mr. MANUEL J. GONZALES	-do-	100,000	100,000
Mr. JUAN J. CARLOS	-do-	500,000	500,000
Mr. EDUARDO DE LEON	-do-	200,000	200,000
Mr. ANTONIO M. GARCIA	-do-	200,000	200,000

**RESOLVED**, that the Board of Directors of the Corporation approves and authorizes the Corporation to file a Petition for the Correction of its Amended Articles of Incorporation (“**Petition**”) with the SEC;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation appoints and authorizes Puno and Puno Law Offices, and any of its lawyers and representatives, including but not limited to Ranulfo Gerardo V. Payos, Jr., Roberto T. Santiago, Jr., Maria Louise R. Querido, Carl Lemuel P. Marquez, Selina Alessandra M. Miranda, Niegel F. Simon, and Nicholas William G. Di, acting singly, to act on behalf of the Corporation in respect of the filing of the Petition with the SEC;

**RESOLVED, FINALLY**, that the foregoing resolutions shall remain valid unless otherwise revoked.

*8. Special Meeting of the Board of Directors held on September 8, 2023*

The Board of Directors of LMG Corp. (the “Corporation”) held its special meeting on September 8, 2023 at Unit 1915, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

During the meeting and upon review, the Board of Directors approved a resolution setting the Annual Stockholders’ Meeting on October 26, 2023 with a record date on October 5, 2023

**RESOLVED**, that the Board of Directors of LMG CORP. (the “Corporation”) approves to hold the Annual Stockholders’ Meeting on 26 October 2023 at 9:30 a.m.;

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation sets 5 October 2023 as the record date for the stockholders entitled to notice of and to vote during the Annual Stockholders’ Meeting;



**RESOLVED, FURTHER,** that the Board of Directors of the Corporation authorizes the conduct of the Annual Stockholders' Meeting and the election of directors for the year 2023 via remote communication;

**RESOLVED, FURTHER,** that the Board of Directors of the Corporation authorizes its stockholders to attend and exercise their right to vote in the Annual Stockholders' Meeting for the year 2023 via remote communication;

**RESOLVED, FINALLY,** that the Board of Directors of the Corporation approves the publication of the notices of the 2023 Annual Stockholders' Meeting in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days.

**MANAGEMENT REPORT**

**1. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The auditing firm Reyes Tacandong & Co. has been engaged as LMG Corp.’s (the “**Corporation**”) independent accountant and external auditor for the fiscal years ended December 31, 2021, December 31, 2022, and for the first two quarters of 2023. The Corporation has not engaged the services of any other independent accountant for the said period.

A. Change in Independent Accountant

The engagement partner for the financial report period 2017 to 2022 is Joseph C. Bilangbilin and will be rotated every seven (7) years, in accordance with SEC Rule 68, Part 1(3)(b)(ix), as amended.

B. Disagreements with former accountant on Accounting and Financial disclosure.

The Corporation has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. Reyes Tacandong & Co has neither shareholding in the Corporation nor any right, whether legally enforceable or not, to nominate persons or to subscribe to the security of the Corporation. Reyes Tacandong & Co will not receive any direct or indirect interest in the Corporation or its securities (including options, warrants, or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

C. File as an exhibit to the report the letter from the former accountant addressed to the Commission stating whether it agrees with the same statements made by the registrant and, if not, stating the respects in which it does not agree.

Not applicable.

**2. Management's Discussion and Analysis (“MD&A”) or Plan of Operation**

**Plan of Operation**

Due to the pandemic, the Corporation suffered setbacks in its plans to attract new investments. Regardless, the Corporation continues to search for and evaluate all available opportunities in the infrastructure and heavy equipment industries.

(a) A discussion of how long the registrant can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve (12) months

The Corporation has sufficient cash and does not see a need to raise additional funds in the next twelve (12) months.

(b) A summary of any product research and development that the registrant will perform for the term of the plan

None.

(c) Any expected purchase or sale of plant and significant equipment; and

Under study and evaluation.

(d) Any expected significant changes in the number of employees.

Under study and evaluation.

### Management's Discussion and Analysis (MD&A)

The following discussion and analysis relate to the financial position and results of operations of the Corporation and should be read in conjunction with the accompanying audited financial statements and related notes. The audited financial statements have been prepared in compliance with the Philippine Financial Reporting Standards ("**PFRS**"). PFRS includes statements named PFRS and Philippine Accounting Standards, including Interpretations issued by the PFRS Council.

The financial information appearing in this report and in the accompanying audited financial statements is presented in Philippine pesos, the Corporation's functional and presentation currency, as defined under PFRS. All values are rounded to the nearest pesos, except when otherwise indicated.

### Key Variable and Other Qualitative and Quantitative Factors

#### 1. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

The aggressive stance of the Federal Reserve on hiking interest rates may cause heightened volatility in global asset prices. Thus, such an environment may affect the valuation of our Philippine equities portfolio.

#### 2. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

**Not applicable.**

#### 3. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

**Not applicable.**

#### 4. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

**Not applicable.**

5. Any known Known Trends, Events or Uncertainties (Material Impact on Sales)

**Not applicable.**

6. Any Significant Elements of Income or Loss (from continuing operations)

See discussion below.

7. Causes of Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item

See discussion below.

MD&A for Period Ended June 30, 2023 v. December 31, 2022

*Comparative Analysis of Statements of Financial Position*

2023 vs 2022	2023		2022		Horizontal Analysis	
	June	Vertical	December	Vertical	Increase (Decrease)	
	Unaudited	Analysis	(Audited)	Analysis	Amount	%
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash Equivalents	53,038,031	19%	53,205,259	20%	(167,228)	-0.3%
Financial Asset at FVPL	210,023,778	77%	210,045,340	79%	(21,562)	0.0%
Receivables	9,049,197	3%	1,405,154	1%	7,644,043	544.0%
Other current asset	1,568,047	1%	1,283,577	0%	284,470	22.2%
	<b>273,679,053</b>	<b>100%</b>	<b>265,939,330</b>	<b>100%</b>	<b>7,739,723</b>	<b>2.9%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accrued Expenses and other payables	4,705	0%	211,615	0%	(206,910.00)	-98%
<b>EQUITY</b>						
Capital stock	193,644,204	71%	193,644,204	73%	-	
Additional paid-in capital	51,480,533	19%	51,480,533	19%	-	
Retained Earnings	28,838,611	11%	20,891,978	8%	7,946,633	38.0%
Treasury stock	(289,000)	0%	(289,000)	0%	-	
Total Equity	<b>273,674,348</b>	<b>100%</b>	<b>265,727,715</b>	<b>100%</b>	<b>7,946,633</b>	<b>2.9%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>273,679,053</b>	<b>100%</b>	<b>265,939,330</b>	<b>100%</b>	<b>7,739,723</b>	<b>2.9%</b>

### Causes of Material Changes

LMG Corp.'s total assets as at June 30, 2023 amounted to Php273,679,053, 2.9% higher than the balance as of December 31, 2022 amounting to Php265,939,330. The increase is mainly due to the increase in receivables.

Receivables increased by Php7,644,043 or 544% from Php1,405,154 as at December 31, 2022 to Php9,049,197 as at June 30, 2023, mainly due to the increase in the net Sales of securities and dividends received.

The increase in interest received was brought about by the increase in interest rates. Interest rates for the first two quarters of 2023 was at 4.5% to 5.875% per annum compared to the first two quarters of 2022 at 0.5% to 0.875%.

Other Current Assets increased by Php284,470 or 22.2% primarily due to the additional unused Input VAT and the unexpired prepaid expenses.

The decrease in current Liability by Php206,910 or 98% from Php211,615 to Php4,705 is due to payments of professional and legal fees and expanded withholding tax that were accrued in 2022.

### Comparative Analysis of Statements of Comprehensive Income

2023 vs 2022	June 2023	Vertical Analysis	June 2022	Vertical Analysis	Horizontal Analysis	
					Increase (Decrease)	
					Amount	%
<b>REALIZED GAIN (LOSS) ON FAFVPL</b>	(263,365)	-3%	(436,300)	2%	172,935	40%
<b>UNREALIZED GAIN (LOSS) ON FAFVPL</b>	2,326,350	25%	(30,396,357)	122%	32,722,707	108%
<b>DIVIDEND INCOME</b>	6,022,217	65%	5,721,882	-23%	300,335	5%
<b>INTEREST INCOME</b>	1,138,466	12%	121,815	0%	1,016,651	835%
	9,223,668	100%	(24,988,960)	100%	34,212,628	137%
<b>GENERAL AND ADMINISTRATIVE EXPENSE</b>	(1,277,035)	-14%	(1,086,962)	4%	(190,073)	17%
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>7,946,633</b>	86%	<b>(26,075,922)</b>	104%	34,022,555	130%
<b>PROVISION FOR INCOME TAX</b>						
<b>NET INCOME (LOSS)</b>	7,946,633	86%	(26,075,922)	104%	34,022,555	130%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	-					
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	7,946,633	86%	(26,075,922)	104%	34,022,555	130%

### Causes of Material Changes

LMG Corp.'s Net Income for the first two quarters ended June 30, 2023 amounted to Php7,946,633, 130% higher compared to the net loss for the same quarters in 2022 amounting to (Php26,075,922). The increase was mainly due to the increase on prices of stocks in the market causing increase on the unrealized gain on the Financial Asset at FVPL.

Dividend income made a slight increase during the first two quarters of 2023 by 5% compared to the same two quarters of 2022 due to some stocks have declared dividends on the Financial Asset FVPL portfolio held during 2023.

Interest income on Short-term placement increased by 835% due to the increase in interest rates for the first two quarters of 2023 at 4.5% to 5.875% per annum compared to the first two quarters of 2022 at 0.5% to 0.875%.

General and administrative expenses increased by 17%. The increase in the volume in stock transactions has caused the increase in commission and stock transaction tax expense.

#### *Key Performance Indicators*

<b>Financial KPI</b>	<b>Formula</b>	<b>June 2023</b>	<b>December 2022</b>
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	58,167.71	1,256.71
Acid test ratio	$\frac{\text{Cash and cash equivalents, financial assets at FVPL and receivables}}{\text{Current liabilities}}$	57,834.43	1,250.65
Solvency ratio	$\frac{\text{After-tax income}}{\text{Total liabilities}}$	1,688.98	(28.67)
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.000017	0.0008
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.0	1.0
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	0.0290	(0.02)
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	0.0290	(0.02)
Interest rate coverage ratio	$\frac{\text{Income before interest and taxes}}{\text{Interest expense}}$	-	-
Net profit margin	$\frac{\text{After-tax income}}{\text{Total sales}}$	-	-

MD&A for Period Ended December 31, 2022 v. December 31, 2021

*Comparative Analysis of Statements of Financial Position*

	2022		2021		Increase (Decrease)	
	December Audited	Vertical Analysis	December (Audited	Vertical Analysis	Amount	%
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash Equivalents	53,205,259	20%	54,971,652	20%	(1,766,393)	-3.2%
Financial Asset at FVPL	210,045,340	79%	200,462,250	74%	9,583,090	4.8%
Receivables	1,405,154	1%	15,551,285	6%	(14,146,131)	-91.0%
Other current asset	1,283,577	0%	1,004,295	0%	279,282	27.8%
	<b>265,939,330</b>	<b>100%</b>	<b>271,989,482</b>	<b>100%</b>	<b>(6,050,152)</b>	<b>-2.2%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accrued Expenses and other payables	211,615	0%	195,460	0%	16,155.00	8%
<b>EQUITY</b>						
Capital stock	193,644,204	73%	193,644,204	71%	-	
Additional paid-in capital	51,480,533	19%	51,480,533	19%	-	
Retained Earnings	20,891,978	8%	26,958,285	10%	(6,066,307)	-22.5%
Treasury stock	(289,000)	0%	(289,000)	0%	-	
Total Equity	<b>265,727,715</b>	<b>100%</b>	<b>271,794,022</b>	<b>100%</b>	<b>(6,066,307)</b>	<b>-2.2%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>265,939,330</b>	<b>100%</b>	<b>271,989,482</b>	<b>100%</b>	<b>(6,050,152)</b>	<b>-2.2%</b>

*Causes of Material Changes*

LMG Corp.'s total assets as at December 31, 2022 amounted to Php265,939,330, 2.2% lower than the balance as of December 31, 2021 amounting to Php271,989,482.

The Financial Asset at FVPL amounted to Php210,045,340, higher by Php9,583,090 or 4.8% Higher from December 31, 2021 balance. The increase was caused mainly due to net buying of securities and market valuation as December 2022.

Receivables decreased by Php14,146,131 or 91% from Php15,551,285 as at December 31, 2021 to Php1,405,154 as at December 31, 2022 is mainly due to the increase in the net purchases of securities and IPO subscriptions.

Other Current Assets increased by Php279,282 or 27.8% primarily due to the additional unused Input VAT and the unexpired prepaid registration.

The increase in current Liability by Php16,155 or 8% from Php195,460 to Php211,615 is due to an increase in professional fees.

The Corporation's Retained Earnings decreased by 10% due to the Net Loss amounting to Php6,066,307. The main reason for the loss was the unrealized losses on Financial Asset at FVPL as of December 31,2022.

### *Comparative Analysis of Statements of Comprehensive Income*

2022 vs 2021	June 2022	Vertical Analysis	June 2021	Vertical Analysis	Horizontal Analysis	
					Increase (Decrease)	
					Amount	%
<b>REALIZED GAIN ON FAFVPL</b>	(436,300)	2%	1,274,411	8%	(1,710,711)	-134%
<b>UNREALIZED GAIN ON FAFVPL</b>	(30,396,357)	122%	11,215,192	75%	(41,611,549)	-371%
<b>DIVIDEND INCOME</b>	5,721,882	-23%	2,373,920	16%	3,347,962	141%
<b>INTEREST INCOME</b>	121,815	0%	188,104	1%	(66,289)	-35%
	(24,988,960)	100%	15,051,627	100%	(40,040,587)	-266.0%
<b>GENERAL AND ADMINISTRATIVE EXPENS</b>	(1,086,962)	4%	(1,278,063)	-8%	191,101	-15%
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(26,075,922)</b>	104%	<b>13,773,564</b>	92%	(39,849,486)	-289%
<b>PROVISION FOR INCOME TAX</b>						
<b>NET INCOME (LOSS)</b>	(26,075,922)	104%	13,773,564	92%	(39,849,486)	-289%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	-					
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	(26,075,922)	104%	13,773,564	92%	(39,849,486)	-289%

### *Causes of Material Changes*

LMG Corp.'s Net Loss for the first two quarters ended June 30, 2022 amounted to Php26,075,922, 289% lower compared to the net income for the same quarters in 2021 amounting to Php13,773,564. The decrease was mainly due to the fall on prices of stocks in the market causing the loss on the sale of Financial Asset at FVPL and the unrealized loss.

Dividend income increased during the first two quarters of 2022 by 141% compared to the same two quarters of 2021 due to more stocks have declared dividends on the Financial Asset FVPL portfolio held during 2022.

Interest income decreased by 35% due to the partial termination of Short-term placement amounting to Php700,000 on March 14, 2022.

General and administrative expenses decreased by 15%. The drop in the volume in stock transactions has caused the decrease in commission and stock transaction tax expense.



*Key Performance Indicators*

<b>Financial KPI</b>	<b>Formula</b>	<b>December 2022</b>	<b>December 2021</b>
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	7,162.29	1,391.54
Acid test ratio	$\frac{\text{Cash and cash equivalents, financial assets at FVPL and receivables}}{\text{Current liabilities}}$	7,126.08	1,386.40
Solvency ratio	$\frac{\text{After-tax income}}{\text{Total liabilities}}$	(845.90)	235.58
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.00014	-
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.00014	1.0
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	(0.10611)	0.18
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	(0.10612)	0.19
Interest rate coverage ratio	$\frac{\text{Income before interest and taxes}}{\text{Interest expense}}$	-	-
Net profit margin	$\frac{\text{After-tax income}}{\text{Total sales}}$	-	-

MD&A for Period Ended December 31, 2021 v. December 31, 2020

*Comparative Analysis of Statements of Financial Position*

2021 vs 2020	2021		2020		Horizontal Analysis	
	December	Vertical	December	Vertical	Increase (Decrease)	
	Audited	Analysis	Audited	Analysis	Amount	%
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash Equivalents	54,971,652	20%	86,692,680	38%	(31,721,028)	-36.6%
Financial Asset at FVPL	200,462,250	74%	104,232,500	46%	96,229,750	92.3%
Receivables	15,551,285	6%	34,343,260	15%	(18,791,975)	-54.7%
Other current asset	1,004,295	0%	749,697	0%	254,598	34.0%
	<b>271,989,482</b>	<b>100%</b>	<b>226,018,137</b>	<b>100%</b>	<b>45,971,345</b>	<b>20.3%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accrued Expenses and other payables	195,460	0%	270,515	0%	(75,055)	-28%
<b>EQUITY</b>						
Capital stock	193,644,204	71%	193,644,204	86%	-	
Additional paid-in capital	51,480,533	19%	51,480,533	23%	-	
Retained Earnings	26,958,285	10%	(19,088,115)	-8%	46,046,400	241.2%
Treasury stock	(289,000)	0%	(289,000)	0%	-	
Total Equity	<b>271,794,022</b>	<b>99.9%</b>	<b>225,747,622</b>	<b>99.9%</b>	<b>46,046,400</b>	<b>241.2%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>271,989,482</b>	<b>100%</b>	<b>226,018,137</b>	<b>100%</b>	<b>45,971,345</b>	<b>20.3%</b>

*Causes of Material Changes*

Total Asset of the Corporation as at December 31, 2021 amounted to Php271,989,482, higher by Php45,971,345 or 20.3% compared to December 31, 2020. The increase was due to the purchase of stocks and the increase in the valuation of securities as of December 31, 2021. The increase was partly offset by the decrease in receivables.

The decrease in receivables by 54.7% was due to the decrease in advances to stockbroker as at December 31, 2021.

Other Current Assets increased by Php254,598 or 34% mainly due to the additional unused Input VAT.

The decrease in current Liability by Php75,055 or 28% from Php270,515 to Php195,460 is due to payments in 2021 professional and legal fees and expanded withholding tax that accrued in 2020.

The increase in Retained Earnings by 241.2% amounting to Php46,046,400 was mainly due to the realized and unrealized gain on Financial Asset at FVPL and the dividend income during 2021. The increase was partly offset with the decrease in interest income from short-term placement.

### Comparative Analysis of Statements of Comprehensive Income

2021 vs 2020					Horizontal Analysis	
	June	Vertical	June	Vertical	Increase (Decrease)	
	2021	Analysis	2020	Analysis	Amount	%
<b>REALIZED GAIN ON FAFVPL</b>	1,274,411	8%	6,168,769	62%	(4,894,358)	-79%
<b>UNREALIZED GAIN ON FAFVPL</b>	11,215,192	75%	2,303,860	23%	8,911,332	387%
<b>DIVIDEND INCOME</b>	2,373,920	16%	230,990	2%	2,142,930	928%
<b>INTEREST INCOME</b>	188,104	1%	1,290,205	13%	(1,102,101)	-85%
	15,051,627	100%	9,993,824	100%	5,057,803	51%
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	(1,278,063)	-8%	(846,406)	-8%	(431,657)	51%
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	13,773,564	92%	9,147,418	92%	4,626,146	51%
<b>PROVISION FOR INCOME TAX</b>						
<b>NET INCOME (LOSS)</b>	13,773,564	92%	9,147,418	92%	4,626,146	51%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	-					
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	13,773,564	92%	9,147,418	92%	4,626,146	51%

### Causes of Material Changes

The revenues in 2021 rose 51% from Php9,993,824 to Php15,051,627. The increase was mainly due to higher stock quotation as at June 30, 2021 than in the first half of 2020, subsequently resulting to higher valuation of outstanding stocks as at June 30, 2021.

Dividends increased by 928% in the first two quarters of 2021 compared to the first two quarters of 2020 as the Corporation started investing in stocks listed at the Philippine Stock Exchange (“PSE”) in March 2020 only.

The decrease in interest income was due to the partial termination of short-term placement amounting to Php100,000,000 on March 27, 2020.

General and administrative increased by 51% due to the increase in stock investment activities causing the increase in commission and stock transaction tax expense.

### Key Performance Indicators

Financial KPI	Formula	2021	2020
	Current assets	1,391.54	835.51

Current/liquidity ratio	Current liabilities		
Acid test ratio	$\frac{\text{Cash and cash equivalents, financial assets at FVPL and receivables}}{\text{Current liabilities}}$	1,386.40	832.74
Solvency ratio	$\frac{\text{After-tax income}}{\text{Total liabilities}}$	235.58	139.91
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	-	-
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.0	1.0
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	0.18	0.17
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	0.19	0.17
Interest rate coverage ratio	$\frac{\text{Income before interest and taxes}}{\text{Interest expense}}$	-	-
Net profit margin	$\frac{\text{After-tax income}}{\text{Total sales}}$	-	-

MD&A for Period Ended December 31, 2020 v. December 31, 2019

*Comparative Analysis of Statements of Financial Position*

2020 vs 2019	2020		2019		Horizontal Analysis	
	December	Vertical	December	Vertical	Increase (Decrease)	
	Audited	Analysis	(Audited	Analysis	Amount	%
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash Equivalents	86,692,680	38%	186,718,148	99%	(100,025,468)	-53.6%
Financial Asset at FVPL	104,232,500	46%	-	0%	104,232,500	-
Receivables	34,343,260	15%	999,973	1%	33,343,287	3334.4%
Other current asset	749,697	0%	452,010	0%	297,687	65.9%
	<b>226,018,137</b>	<b>100%</b>	188,170,131	100%	37,848,006	20.1%
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accrued Expenses and other payables	270,515	0%	271,173	0%	(658)	0%
<b>EQUITY</b>						
Capital stock	193,644,204	86%	193,644,204	103%	-	
Additional paid-in capital	51,480,533	23%	51,480,533	27%	-	
Retained Earnings	(19,088,115)	-8%	(56,936,779)	-30%	37,848,664	-66.5%
Treasury stock	(289,000)	0%	(289,000)	0%	-	
Total Equity	<b>225,747,622</b>	<b>99.9%</b>	187,898,958	99.9%	37,848,664	-66.5%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>226,018,137</b>	<b>100%</b>	188,170,131	100%	37,848,006	20.1%

*Causes of Material Changes*

Total Assets increased by Php37,848,006 or 20.1% due mainly to the increase in Financial Asset at FVPL and Receivables.

The Corporation partially terminated its short-term placement to invest in financial equity. As at December 31, 2020 the investment had a trading gains of Php39,352,014 resulting to the increase in the value of Financial Asset at FVPL.

The increase in receivables also contributed to the increase in total Assets. This in due to the funds advanced to stockbroker amounting to Php34,308,867 as of December 31, 2020. The interest receivable partially offset the increase due to the reduction in the investment in short-term placement.

Retained Earnings deficit decreased by 66.5% from Php56,936,779 to Php19,088,115 due to the trading gains on Financial Asset at FVPL and dividends earned, partly offset by the decrease in interest income.

### Comparative Analysis of Statements of Comprehensive Income

2020 vs 2019									
							Horizontal Analysis		
				June	Vertical	June	Vertical	Increase (Decrease)	
				2020	Analysis	2019	Analysis	Amount	%
<b>REALIZED GAIN ON FAFVPL</b>				6,168,769	62%	-	0%	6,168,769	
<b>UNREALIZED GAIN ON FAFVPL</b>				2,303,860	23%	-	0%	2,303,860	
<b>DIVIDEND INCOME</b>				230,990	2%	-	0%	230,990	
<b>INTEREST INCOME</b>				1,290,205	13%	4,269,998	100%	(2,979,793)	-70%
				9,993,824	100%	4,269,998	100%	5,723,826	134%
<b>GENERAL AND ADMINISTRATIVE EXPENS</b>				(846,406)	-8%	(778,164)	-18%	(68,242)	9%
<b>INCOME (LOSS) BEFORE INCOME TAX</b>				<b>9,147,418</b>	<b>92%</b>	<b>3,491,834</b>	<b>82%</b>	<b>5,655,584</b>	<b>162%</b>
<b>PROVISION FOR INCOME TAX</b>									
<b>NET INCOME (LOSS)</b>				9,147,418	92%	3,491,834	82%	5,655,584	162%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				-					
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>				9,147,418	92%	3,491,834	82%	5,655,584	162%

#### Causes of Material Changes

On March 27, 2020, the Corporation partially terminated its investment in short-term placement amounting to Php100,000,000 and invested it into stocks listed at the PSE.

The sale of investment in stock equity realized a gain by 62% and 23% on unrealized gain for the semester ending June 30, 2021.

The investment also earned dividends on declaration of stocks held during the first semester of 2021.

Interest income suffered a reduction by 70% due to lower balance of short-term money market placement.

#### Key Performance Indicators

Financial KPI	Formula	2020	2019
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	835.51	693.91

Acid test ratio	$\frac{\text{Cash and cash equivalents, financial assets at FVPL and receivables}}{\text{Current liabilities}}$	832.74	692.24
Solvency ratio	$\frac{\text{After-tax income}}{\text{Total liabilities}}$	139.91	19.07
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	-	-
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.0	1.0
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	0.17	0.03
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	0.17	0.03
Interest rate coverage ratio	$\frac{\text{Income before interest and taxes}}{\text{Interest expense}}$	-	-
Net profit margin	$\frac{\text{After-tax income}}{\text{Total sales}}$	-	-

### 3. External Audit Fees

#### ***Financial Statements***

The audited financial statements of the Corporation are attached herein as **Annex “C-1”** while the unaudited financial statements for the two quarters ended June 30, 2023 are attached herein as **Annex “C-2”**.

The main financial risk arising from the Corporation’s use of its financial instruments are equity price risk, credit risk, and liquidity risk. The Board of Directors through the Board Risk Oversight Committee, regularly reviews and approves on certain policies for managing these financial risks.

#### ***Audit and Audit-Related Fees***

The audit and audit-related fees cover professional services related to the performance of the audit or review of the Corporation’s annual financial statements by the external auditor. The Audit Committee reviews and approves the audit and non-audit services rendered by the Corporation’s external auditors to ensure that the Corporation does not engage the external auditors for certain non-audit services expressly prohibited by regulations of the Securities and Exchange Commission to be performed by an external auditor for its audit clients. The proposal of external

auditors for professional services was submitted to, and reviewed by, the Audit Committee which, in turn, is endorsed to the Board of Directors for approval.

For the 2022 audit, the aggregate fee for professional services rendered by the external auditors is Php125,000.00. For the 2021 and 2020 audit, the aggregate fee for professional services rendered by the external auditors for the Corporation was Php110,000.00.

***Tax Fees***

None.

***All Other Fees***

None.

**4. Brief description of the general nature and scope of the business of the registrant and its subsidiaries**

LMG Corp. ("**LMG**" or the "**Corporation**", formerly known as "**LMG Chemicals Corp.**") was incorporated on August 19, 1970 as an industrial chemicals manufacturer and distributor.

In October 2007, the Board of Directors of LMG approved the transfer of its properties to its two wholly-owned subsidiaries, Chemphil Marketing Corp ("**CMC**") and LMG Land Development Corp ("**LMG Landco**"). The said transfers were under the property-for-equity scheme whereby CMC and LMG Landco issued their respective shares of stocks to LMG in December 2007.

In February 2008, the SEC approved the request of CMC to change its name to Chemphil Manufacturing Corp.

In August 2008, LMG and LMG Landco together with Chemical Industries of the Philippines ("**CIP**") entered into a Shares and Asset Purchase Agreement with Chemoil Fuel Philippines, Inc and Chemoil Energy Philippines, Inc. to sell and transfer the entire LMG shares in LMG Landco and to sell the property owned by CIP in Pinamucan, Batangas to Chemoil Fuel Philippines and Chemoil Energy Philippines, Inc., respectively.

In October 2009, the Board of Directors of LMG declared LMG's investment in the shares of CMC and Kemwater Phil Corp ("**KPC**") as property dividends. They also approved the assignment of LMG's receivables from Chemoil, Inc. and CMC amounting to Php44.4 million and Php72.5 million, respectively to the Corporation's stockholders, in proportion to their shareholdings in the Corporation.

In December 2009, a Deed of Assignment was executed to assign LMG's rights, titles and interest over the shares in CMC and KPC to the stockholders of LMG in proportion to their respective shareholdings.

LMG is not involved in bankruptcy, receivership or similar proceedings.



In December 2017, a group of new investors (the Investors) acquired 65.92% ownership of the Corporation. As part of the acquisition, the Investors and the previous majority stockholder have agreed on the settlement of the receivables of Php179.0 million. The Investors intend to integrate its existing business involved in the infrastructure and heavy machineries with the Corporation. The Corporation has no subsidiaries, co-subsidiaries, nor associates.

The following is a brief profile of the Directors/Independent Directors and Officers of the Corporation for the period ended June 30, 2023:

**ROMMEL L. SYTIN, 54, Filipino, Director, Chairman of the Board, Treasurer and Chief Risk Officer.** Mr. Rommel L. Sytin was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Investment Committee. He graduated with a degree in Industrial Engineering from the University of Santo Tomas in 1990. He concurrently serves as President of United Asia Automotive Group, Inc., Foton Motor Philippines, Inc., and Foton Cebu, Inc. He also sits in the board of the following companies: United Auctioneers, Inc., United Graphic Mobile, Inc., United Holdings Power Corp., Empire Asia Mining Corp., Bukidnon Maladugao Hydro Power Corp., and Oasis Plus Investments Corporation, Clockworx Food Specialist. He is also a member of the Board of Directors of the Manila Economic and Cultural Law Office (MECO). MECO is the Philippines' representative office in Taiwan, which promotes, trade, investment, tourism, labor, scientific and cultural cooperation with Taiwan.

**ROBINSON W. SIAO, 53, Filipino, Vice-Chairman of the Board, Director, President, and Chief Executive Officer.** Mr. Robinson W. Siao was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Investment Committee. He is a veteran in securities brokerage having around thirty-two (32) years of experience in the industry. He currently serves as President and CEO of Value Quest Securities Corporation, having previously served as its Managing Director for a decade. He also sits on the board of Global Pacific Distribution Network Corporation, Ever Dynamic Distribution Network, Inc., Ever Consumer Sales, Inc., and Everlink Distribution Group, Inc. Mr. Siao graduated from the Ateneo de Manila University with a degree in A.B. Management Economics in 1991. He obtained his Graduate Diploma in Intercultural Management from the Japan American Institute of Management Science in Honolulu, Hawaii in 2003.

**ANN MARIETTA L. SYTIN, 55, Filipino, Director.** Mrs. Ann Marietta L. Sytin was elected to the Board of Directors in September 2019 and has served for four (4) years in the Corporation. She graduated from the University of the Philippines, Diliman with a Bachelor of Science degree in Business Administration. She graduated cum laude in 1988. Mrs. Sytin previously worked for SAP Philippines, Inc. as a Senior Marketing Specialist and with the IBM Philippines, Inc. as a Marketing Representative. She likewise previously worked as a Finance Executive and as an Executive Assistant to the President in United Auctioneers, Inc.

**CONSTANTINO L. NAVARRO III, 63, Filipino, Director.** Mr. Constantino L. Navarro III was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Audit Committee. He graduated from the San Beda College of Law in 1986 and was admitted to the Philippine Bar in 1987. He is the name partner of Navarro Law Offices, which he established in 2012. He was a named partner of Cruz Cruz & Navarro III from 1993 to 2012, and served as its managing partner from 1998 to 2012. He has served as legal counsel for numerous companies in his 30 years of legal practice. He is also a professor in the San Beda College of Arts and Sciences, teaching Obligations and Contracts, Sales, Credit

Transactions, Agency, Corporation Law and Partnership. His fields of practice include litigation, corporate law, contract review, civil law, immigration law, and criminal law.

**EDUARDO H. YAP, 77, Filipino, Director.** Mr. Eduardo H. Yap was elected to the Board of Directors in September 2018 and has served for five (5) years in the Corporation. He is a member of the Board Risk Oversight Committee. He graduated from the University of the East in 1966 with a degree in Bachelor of Business Administration. He later qualified as a Certified Public Accountant in 1967. Mr. Yap is a property developer and a project marketing manager for Dynamic Realty & Resources Corp., Clairmont Realty & Development, Inc., and Unitec Pipe Manufacturing Corp. He is active in many business and civic organizations, particularly in the Management Association of the Philippines. He has served as its Chairman for the National Issues Committee in 2017 and was a member of the Board of Governors for the years 2016-2017. He was Governor-in-Charge of the Traffic, Transportation and Infrastructure Committee, National Issues Subs-Committee on Airport Improvements, and National Security Trade, Industry & Tourism Committee in 2016. Mr. Yap has also acted as Chairman for the following committees: Committee on Traffic, Transportation & Infrastructure in 2015, Special Committee on Urban Development & Land Use for the years 2013-2014, Subcommittee on Legislation for the years 2013 -2014 and the National Issues Committee. Mr. Yap has authored several books and has published many written articles for newspapers and news magazines, such as the Philippine Daily Inquirer, Business Mirror, BizNewsAsia, and the Philippine STAR. Mr. Yap was also the chairman of the National Affairs Committee of the Financial Executives Institute of the Philippines (“FINEX”) and a member of its National Budget Study Group where he authored two (2) articles for its publications, namely “Understanding the National Budget” and “The Revenue Side of the National Budget”. He is currently an advocate of the new busway along EDSA Avenue, which was implemented by the Department of Transportation in May 2020 as a solution for more efficient bus transportation.

**REGIS V. PUNO, 64, Filipino, Director.** Mr. Regis V. Puno was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is a member of the Related Party Transactions Committee. He serves as Of Counsel of ACCRALAW. He received his Bachelor of Laws Degree from the Ateneo de Manila University in 1985 and his Master of Laws Degree from Georgetown University Law Center in Washington, D.C. in 1987. He was a former Senior Partner of Puno and Puno Law Offices. He was also a former Undersecretary of the Department of Justice. He is currently a Consultant/Special Legal Counsel of Metrobank and holds directorships for several corporations, to name a few, GT Capital Holdings, Corp., Lepanto Consolidated Mining Co., GN Power Holdings Corp., and the Rockwell Club.

**RAFAEL L. ANDRADA, 62, Filipino, Independent Director.** Mr. Rafael L. Andrada was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Board Risk Oversight Committee, and a member of the Corporate Governance and Investment Committees. He received his Bachelor of Science in Commerce Business Management from the De La Salle University in 1982. He is currently an independent director of the ABS-CBN Corporation. He previously served as First Vice President & Treasurer of Manila Electric Company from 1997-2016. Prior to that, he was Chief Financial Officer of Benpres Holdings Corporation from 1992-1997. He previously sat in the board of CIS Bayad Center, General Electric Philippine Meter & Instrument Co., Inc., Republic Surety Insurance, Inc., Meralco Industrial Engineering Services Corp., Lighthouse Overseas Insurance Ltd., Inc., Radius Telecoms, Inc., Comstech Integrated Alliance, Inc., Clark Electric Distribution Corporation, Rockwell Land Corporation, Bauang Private Power Corporation, and First Private Power Corporation, among others. He was awarded Asia’s Best CFO for Investor Relations in 2012 and

Asia's Best Investor Relations Professional for 2013, 2014, and 2015 by Corporate Governance Asia.

**SIXTO S. EXQUIVIAS IV, 68, Filipino, Independent Director.** Mr. Sixto S. Esquivias IV was elected to the Board of Directors in December 2017 and has served for five (5) years in the Corporation. He is the Chairman of the Audit and Related Party Transactions Committees, and a member of the Corporate Governance and Board Risk Oversight Committees. He graduated from the Ateneo de Manila University School of Law in 1980 and was admitted to the Philippine Bar the following year. He obtained his Masters in Public Administration from the University of Santo Tomas in 1986 and his Master of Laws Major in Taxation from the Manuel L. Quezon University in 1993. Atty. Esquivias is also a Certified Public Accountant as he passed the CPA Board Examinations in 1975. Mr. Esquivias is the Managing Partner of the Law Firm of Esquivias Conlu Vidanes & Yabut since 2010. He previously served as the Commissioner of the Bureau of Internal Revenue (BIR) from 2008 to 2009. He also held other important positions in the BIR, serving as Deputy Commissioner for Legal and Enforcement (1998 – 2000), OIC, Deputy Commissioner of Legal & Enforcement Group (1997-1998), and OIC, Assistant Commissioner Legal Service (1997). He was also a professor of Taxation in the University of the Philippines from 1986-1998 and from 2006-2010. He was a consultant to the Office of the Senate President from 2010-2012, and to the Congressional Oversight Committee on Comprehensive Tax Reform Program from 2006-2007.

**WILBERT S. CUA, 45, Filipino, Independent Director.** Mr. Wilbert S. Cua was elected as a director on September 16, 2021 and has served for two (2) years in the Corporation. He is the Chairman of the Corporate Governance Committee, and a member of the Related Party Transactions and the Investment Committees. He has twenty-one (21) years of business experience from varied industries. He is currently the President of iMetal Philippines Corporation, an importer and distributor of aluminum products and materials. He serves on the Executive Committee of John Wilter Land Corp. and Alaska Land, Inc., real estate developers of industrial and commercial properties. He has a strong background in IT product distribution in the Philippines and Australia having served under companies such as Optimal Systems Distribution, Inc. and Express Data Pty. Ltd. Mr. Cua holds a Bachelor of Science in Management Information Systems degree from the Ateneo de Manila University, and an MBA from the Australian Graduate School of Management, University of New South Wales.

**RANULFO GERARDO V. PAYOS, JR. 47, Filipino, Corporate Secretary.** Mr. Ranulfo Gerardo V. Payos, Jr. was elected as an officer of the Corporation in December 2017 and has served for five (5) years in the Corporation. He received his law degree from the University of the Philippines College of Law in 2002. He is a Senior Partner of Puno & Puno Law Offices. As counsel, he has handled general tax consulting, joint venture arrangements, regulatory compliance and due diligence work for various foreign companies investing, among others, in power generation, mining and infrastructure projects. Mr. Payos has acted as corporate secretary in a number of corporations by providing general housekeeping services, and has provided legal services relating to lending, project finance, securities and merger and acquisition transactions. His fields of practice include tax advisory, mining, power and natural resources, commercial law, corporate restructuring and reorganization, tax advocacy and litigation.

**EDUARDO G. CASTELO, 74, Filipino, Assistant Corporate Secretary.** Mr. Eduardo G. Castelo was elected as an officer of the Corporation in December 2017 and has served for five (5) years in the Corporation. He obtained his law degree from the Ateneo de Manila University in 1975 where he received Second Honors. Mr. Castelo is a practicing lawyer and certified public accountant, with over forty-four (44) and forty-nine (49) years of experience in both professions,

respectively. He is currently named partner in Castelo Law Office. His field of practice includes corporate law, taxation, business and commercial law, intellectual property, estate planning and litigation. He is also a member of the American Bar Association in the State of New York.

**RONALD IAN W. CHING, 47, American, Compliance Officer.** Mr. Ronald Ian W. Ching was elected as an officer of the Corporation in April 2018 and has served for five (5) years in the Corporation. He graduated from the De La Salle University in 1996 with a degree in Computer Science, major in Software Technology. He was a Technical Specialist for Philippine Systems Products, Inc. for two (2) years before becoming a Software Design Engineer in Test for Visual Studio Microsoft Corporation in Redmond, USA for the years 1999-2012. He has served as President of Value Quest Finance Corporation since 2014 and as a Research Analyst since 2012. Prior to becoming its President, Mr. Ching was a stockbroker for Value Quest Finance Corporation.

## 5. Market Price and Dividends

### **Market Information**

*Principal market where the company's common share is being traded and its current status:*

PSE Status – There were public trading in the last three years.

*Presented below are the high and low sales prices for each quarter of 2023, 2022 and 2021:*

#### 1) 2023

	1 <sup>st</sup> quarter		2 <sup>nd</sup> quarter		3 <sup>rd</sup> quarter		4 <sup>th</sup> quarter	
<b>High (Php)</b>	3.46	January 31, 2023	3.35	April 28, 2023		None available yet		None available yet
<b>Low (Php)</b>	3.10	February 6, 2023	2.95	April 19, 2023		None available yet		None available yet

#### 2) 2022

	1 <sup>st</sup> quarter		2 <sup>nd</sup> quarter		3 <sup>rd</sup> quarter		4 <sup>th</sup> quarter	
<b>High (Php)</b>	4.00	January 27, 2022	4.00	April 7, 2022	3.60	June 7, 2022	3.53	October 28, 2022
<b>Low (Php)</b>	3.80	February 21, 2022	3.04	May 26, 2022	3.00	June 27, 2022	2.85	November 25, 2022

#### 3) 2021

	1 <sup>st</sup> quarter		2 <sup>nd</sup> quarter		3 <sup>rd</sup> quarter		4 <sup>th</sup> quarter	
<b>High (Php)</b>	5.10	March 2, 2021	4.95	June 16, 2021	4.84	August 27, 2021	4.38	October 22, 2021
<b>Low (Php)</b>	4.05	January 15, 2021	4.12	June 9, 2021	4.11	July 19, 2021	2.93	October 21, 2021

### Holders

The number of stockholders of record as of December 31, 2022 and as of June 30, 2022 was 25. Common stocks outstanding as of December 31 2022 and June 30, 2023 were 193,544,176, with 100,028 shares held in treasury.

The stockholders as of December 31, 2022 and June 30, 2023 based on the Stock Transfer Agent's records are as follows:

Name	Dec 31, 2022	% to total	June 30, 2023	% of total
1. PCD Nominee Corporation (Filipino)	193,205,483	99.77%	193,205,483	99.77%
2. PCD Nominee Corporation (Non-Filipino)	241,901	00.12%	241,901	00.12%
3. Chemphil-LMG, Inc. - Treasury Shares	100,000	0.05%	100,000	0.05%
4. Fermin, Benjamin	32,632	0.02%	32,632	0.02%
5. Copuyoc, Demetrio D.	20,261	0.01%	20,261	0.01%
6. Roces Jr., Felix C.	19,268	0.01%	19,268	0.01%
7. Chandran, Robert V.	14,633	0.01%	14,633	0.01%
8. Gili, Jr., Guillermo F.	5,000	0.00%	5,000	0.00%
9. Roxas, Alfredo S.	3,656	0.00%	3,656	0.00%
10. Valencia, Jesus San Luis	1,000	0.00%	1,000	0.00%
11. Tan, Joseph C.	100	0.00%	100	0.00%
12. Au, Owen Nathaniel S.	100	0.00%	100	0.00%
13. Garcia, Jr., Eusebio M.	38	0.00%	38	0.00%
14. Garcia, Juan Manuel M.	34	0.00%	34	0.00%
15. Garcia, Ramon M.	32	0.00%	32	0.00%
16. Garcia, Antonio M.	29	0.00%	29	0.00%
17. Chemphil - LMG, Inc. (Treasury Shares)	28	0.00%	28	0.00%
18. Garcia, Jose Ricardo C	2	0.00%	2	0.00%
19. Alvaro, Paulino C.	1	0.00%	1	0.00%
20. Ordoveza, Jose Ma. L.	1	0.00%	1	0.00%
21. Alcordo, Jesus N.	1	0.00%	1	0.00%
22. Ordoveza, Ana Maria G.	1	0.00%	1	0.00%
23. Leung, Henry C.	1	0.00%	1	0.00%
24. Garcia, Alexandra G.	1	0.00%	1	0.00%
25. Nilo, Augusto P.	1	0.00%	1	0.00%

## **Dividends**

### *Dividends declared*

<b>Dividends per share</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash	nil	nil	nil	nil
Property	nil	nil	nil	nil

There were no cash and property dividends declared for the past four fiscal years. The current nature of its income, which is primarily from gains in the equities market, can be volatile and unpredictable. Hence, the Corporation has not set a dividend policy and has not declared any dividends yet.

### *Restrictions that limit the payment of dividend on common shares*

None.

## **Recent Sales of Unregistered Securities**

There are no recent sales of unregistered securities.

## **6. Corporate Governance**

The Corporation adopted its Manual of Corporate Governance on May 31, 2017 in compliance with SEC Memorandum Circular No. 19, series of 2016.

Furthermore, in compliance with SEC Memorandum Circular No. 15, series of 2017, the Corporation submitted its Integrated Annual Corporate Governance Report (“**I-ACGR**”) for the year ended December 31, 2022 on May 30, 2023.

- A. Evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance

Pursuant to the SEC Code of Corporate Governance for Publicly-Listed Companies, the Board has formed committees: Audit, Board Risk Oversight, Corporate Governance, Investment and Related Party Transactions Committees. Aside from the Investment Committee, the Chairmanship of all other Committees are all held by independent directors.

<b>Audit Committee</b>	
Chairman	Sixto S. Esquivias IV
Members	Constantino L. Navarro III Wilbert S. Cua

<b>Board Risk Oversight Committee</b>	
Chairman	Rafael L. Andrada
Members	Sixto S. Esquivias IV

	Eduardo H. Yap
--	----------------

<b>Corporate Governance Committee</b>	
Chairman	Wilbert S. Cua
Members	Rafael L. Andrada Sixto S. Esquivias IV

<b>Investment Committee</b>	
Chairman	Robinson W. Siao
Members	Rommel L. Sytin Rafael L. Andrada Wilbert S. Cua

<b>Related Party Transactions Committee</b>	
Chairman	Sixto S. Esquivias IV
Members	Regis V. Puno Wilbert S. Cua

In accordance with the Charters of the aforementioned Committees, the respective members of the five Committees all undergo annual performance evaluations based on the best practices and expectations set out in the Charter and in related SEC issuances to determine whether it is functioning effectively.

B. Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance

Over the past months it has accomplished the following:

1. The Corporate Governance Committee is currently reviewing the draft Succession and Remuneration Policy for directors, key officers, and management for review of the committee members and the Board.
2. The Corporate Governance Committee is currently reviewing the draft remuneration and performance policy for directors, key officers, and management for review of the committee members and the Board.
3. The Board Risk Oversight Committee has drafted the Enterprise Risk Management Framework for review of the committee members and the Board.
4. The Board is headed by a competent and qualified Chairperson.

The Corporation's Chairperson of the Board, Mr. Rommel L. Sytin was elected as the Chairperson of the Board of Directors on September 16, 2021. Mr. Rommel L. Sytin graduated with a degree in Industrial Engineering from the University of Santo Tomas in 1990. He concurrently serves as President of United Asia Automotive Group, Inc., Foton Motor Philippines, Inc., and Foton Cebu, Inc. He also sits in the board of the following companies: United Auctioneers, Inc., United Graphic Mobile, Inc., United Holdings Power Corp., Empire Asia Mining Corp., Bukidnon Maladugao Hydro Power Corp., and Oasis Plus Investments Corporation, Clockworx Food Specialist. He is also a member of the

Board of Directors of the Manila Economic and Cultural Law Office (MECO). MECO is the Philippines' representative office in Taiwan, which promotes, trade, investment, tourism, labor, scientific and cultural cooperation with Taiwan.

- The Board has at least three (3) independent directors or such number as to constitute one-third of the board, whichever is higher.

The following were appointed as independent directors:

- Rafael L. Andrada;
- Sixto S. Esquivias IV; and
- Wilbert S. Cua.

- Selection of Management and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

Mr. Ronald Ian W. Ching was elected as the Corporation's Compliance Officer and Mr. Rommel Sytin as its Chief Risk Officer.

- Any deviation from the company's Manual of Corporate Governance. Including a disclosure of the name and position of the person/s involved and sanction/s imposed on said individual

Since its adoption in 2021 until present, the directors and officers of the Corporation have not deviated from the Corporation's Manual of Corporate Governance.

- Any plan to improve corporate governance of the company

The Corporation is continuously evaluating and studying the implementation of various measures to improve its observance of its corporate governance standards.

#### ***Discussion on the Requirements of Section 49 of the Revised Corporation Code***

In compliance with Section 49 of the Revised Corporation Code, the attendance of the directors in the Board and Stockholders' Meetings held for the calendar year 2023 is as follows:

<b>Position</b>	<b>Name</b>	<b>No. of Meetings held during the year</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Chairman of the Board	Rommel L. Sytin	8	8	100
Member	Robinson W. Siao	9*	9	100
Member	Ann Marietta L. Sytin	8	8	100
Member	Constantino L. Navarro III	9*	9	100
Member	Regis V. Puno	8	8	100
Member	Eduardo H. Yap	8	8	100
Independent Director	Rafael L. Andrada	8	8	100
Independent Director	Sixto S. Esquivias IV	9*	7	78



Independent Director	Wilbert S. Cua	9*	9	100
----------------------	----------------	----	---	-----

\*Includes committee meetings attended.

Below is a more detailed report on the attendance of the directors in the meetings of the Board of Directors:

	<b>Meeting</b>	<b>Attendance</b>
1	Organizational Meeting of the Board of Directors Held on 15 September 2022	<u>Directors Present:</u> 1. Rommel L. Sytin 2. Robinson W. Siao 3. Ann Marietta L. Sytin 4. Constantino L. Navarro III 5. Regis V. Puno 6. Eduardo H. Yap 7. Rafael L. Andrada 8. Sixto S. Esquivias IV  <u>Directors Absent:</u>  None.
2	Audit Committee Meeting Held on 14 March 2023	<u>Directors Present:</u> 1. Sixto S. Esquivias IV 2. Constantino L. Navarro III 3. Wilbert S. Cua 4. Robinson W. Siao  <u>Directors Absent:</u>  None (All of the members of the Audit Committee are present)
3	Special Meeting of the Board of Directors Held on 28 March 2023	<u>Directors Present:</u> 1. Rommel L. Sytin 2. Robinson W. Siao 3. Ann Marietta L. Sytin 4. Constantino L. Navarro III 5. Regis V. Puno 6. Eduardo H. Yap 7. Rafael L. Andrada 8. Sixto S. Esquivias IV  <u>Directors Absent:</u>  None.

4	Special Meeting of the Board of Directors Held on 20 April 2023	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> <li>6. Eduardo H. Yap</li> <li>7. Rafael L. Andrada</li> <li>8. Sixto S. Esquivias IV</li> </ol> <p><u>Directors Absent:</u></p> <p>None.</p>
5	Special Meeting of the Board of Directors Held on 6 June 2023	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> <li>6. Eduardo H. Yap</li> <li>7. Rafael L. Andrada</li> <li>8. Sixto S. Esquivias IV</li> </ol> <p><u>Directors Absent:</u></p> <p>None.</p>
6	Special Meeting of the Board of Directors Held on 15 June 2023	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> <li>6. Eduardo H. Yap</li> <li>7. Rafael L. Andrada</li> </ol> <p><u>Directors Absent:</u></p> <ol style="list-style-type: none"> <li>1. Sixto S. Esquivias IV</li> </ol>
7	Special Meeting of the Board of Directors Held on 7 August 2023	<p><u>Directors Present:</u></p> <ol style="list-style-type: none"> <li>1. Rommel L. Sytin</li> <li>2. Robinson W. Siao</li> <li>3. Ann Marietta L. Sytin</li> <li>4. Constantino L. Navarro III</li> <li>5. Regis V. Puno</li> </ol>

		6. Eduardo H. Yap 7. Rafael L. Andrada  <u>Directors Absent:</u>  1. Sixto S. Esquivias IV
8	Special Meeting of the Board of Directors Held on 11 August 2023	<u>Directors Present:</u>  1. Rommel L. Sytin 2. Robinson W. Siao 3. Ann Marietta L. Sytin 4. Constantino L. Navarro III 5. Regis V. Puno 6. Eduardo H. Yap 7. Rafael L. Andrada 8. Sixto S. Esquivias IV  <u>Directors Absent:</u>  None.
9	Special Meeting of the Board of Directors Held on 8 September 2023	<u>Directors Present:</u>  1. Rommel L. Sytin 2. Robinson W. Siao 3. Ann Marietta L. Sytin 4. Constantino L. Navarro III 5. Regis V. Puno 6. Eduardo H. Yap 7. Rafael L. Andrada 8. Sixto S. Esquivias IV  <u>Directors Absent:</u>  None.

The appraisals and performance report for the Board of Directors and the criteria and procedure for the evaluation is still on-going.

The summary of the trainings and seminars attended by Rommel L. Sytin, Robinson W. Siao, Constantino L. Navarro III, Regis V. Puno, Rafael L. Andrada, and Wilbert S. Cua are herein attached as **Annex “H”**. While the remaining directors of the Corporation are eager to gain additional knowledge and training, the directors are constrained from attending such trainings and seminars because of the on-going pandemic. The directors shall endeavor to attend such relevant seminars as soon as there are available better opportunities for these trainings.

The table summarizing the requirements to be presented to the stockholders under Section 49 of the Revised Corporation Code is herein attached as **Annex “I”**.

## 7. Additional Requirements

- A. A map of the conglomerate or group of companies showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates

Not applicable.

- B. A schedule showing financial soundness indicators in two comparative period

<b>Financial KPI</b>	<b>Formula</b>	<b>2022</b>	<b>2021</b>
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1,256.71	1,391.54
Acid test ratio	$\frac{\text{Cash and cash equivalents, financial assets at FVPL and receivables}}{\text{Current liabilities}}$	1,250.65	1,386.40
Solvency ratio	$\frac{\text{After-tax income}}{\text{Total liabilities}}$	(28.67)	235.58
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	-	-
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.0	1.0
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	(0.02)	0.18
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	(0.02)	0.19
Interest rate coverage ratio	$\frac{\text{Income before interest and taxes}}{\text{Interest expense}}$	-	-
Net profit margin	$\frac{\text{After-tax income}}{\text{Total sales}}$	-	-

<b>Financial KPI</b>	<b>Formula</b>	<b>June 2023</b>	<b>December 2022</b>
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	58,167.71	1,256.71
Acid test ratio	$\frac{\text{Cash and cash equivalents, financial}}{\text{Current liabilities}}$	57,834.43	1,250.65

	$\frac{\text{assets at FVPL and receivables}}{\text{Current liabilities}}$		
Solvency ratio	$\frac{\text{After-tax income}}{\text{Total liabilities}}$	1,688.98	(28.67)
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.000017	0.0008
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.0	1.0
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	0.0290	(0.02)
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	0.0290	(0.02)
Interest rate coverage ratio	$\frac{\text{Income before interest and taxes}}{\text{Interest expense}}$	-	-
Net profit margin	$\frac{\text{After-tax income}}{\text{Total sales}}$	-	-

**A SUMMARY REPORT ON WEBINARS ATTENDED  
BY THE DIRECTORS OF LMG CORP.**

## 1. Rommel L. Sytin

Date Held	September 16, 2020
Venue	Teleconference via Zoom
Time	10:00am to 12:00pm
Speakers	Hentje Leo L. Leaño; Atty. Margaux A. Advincula
Topics	Business Talk: CREATE-ing Opportunities

Date Held	July 16, 2021
Venue	Webinar
Time	9:00am
Speakers	Juvy C. Danofrata; Dino John B. Recto; Atty. Margaux A. Advincula
Topics	Webinar on R.A. No. 11534 (Title XIII) Corporate Recovery and Tax Incentives for Enterprises Act Implementing Rules and Regulations

## 2. Robinson W. Siao

Date Held	February 11, 2021
Venue	Teleconference via Zoom
Time	10:00pm to 11:30pm
Speakers	Alex Cabrera
Topics	Managing a LOA with PWC

Date Held	April 12, 2021
Venue	Web.Zoom.Us
Time	8:30am to 11:00PM
Speakers	Atty. William Benson S. Gan/ Atty. Sheryl Ann Tizon Lalucis of Reyes Tacandong & Co.
Topics	Briefing on the Create Act

Date & Time Held	May 27-28, 2021 / 2:00 to 5:00 pm
Venue	Virtual Conference
Speakers	Atty. Jose Martin O. General/Atty. Alfonso Lanuza, Jr. Mr. Roel Villanueva/ Mr. Boon-Hiong Chan
Topics	Updates on AMLA Frequently violated Rules and Common Audit Findings Trading Rules Regulatory And Fintech Resolution

Date & Time Held	August 18, 2021 / 10:00am to 12:00nn
Venue	Virtual Conference
Speakers	
Topics	Updates and Guidance on Sustainability Reporting for Phil. PLCs

Date & Time Held	August 20, 2021 /10:00 am to 12:00 nn
Venue	Virtual Conference
Speakers	
Topics	Corporate Governance and Leadership

Date & Time Held	August 25, 2021 /10:00 am to 12:00 nn
Venue	Virtual Conference
Speakers	
Topics	Human Capital and Work Environment

Date & Time Held	August 27, 2021 /10:00 am to 12:00 nn
Venue	Virtual Conference
Speakers	
Topics	Environmental Impact Management

Date & Time Held	September 30, 2021 /9:00 am to 12:00 nn
Venue	Virtual Conference
Speakers	Atty. Oliver O. Leonardo, Atty. Arnold Kabalit, Atty. Ruel Bumatay, Atty. Albert A. Vinzon, Atty. Dave Fermin Sevilla, and Atty. Eastwood Manlises
Topics	Beneficial Ownership

Date & Time Held	November 19, 2021 /9:00 am to 3:10 pm
Venue	Zoom
Speakers	Comm. Kelvin Lester K. Lee and Comm. Randy Escolango
Topics	8 <sup>th</sup> SEC-PSE Corporate Governance Forum

Date & Time Held	November 24, 2021 /4:00 pm to 6:00 pm
Venue	Microsoft Teams
Speakers	Eric T. Francia, Christian O.H. Wolf, Kelvin Ang, and Eduardo Francisco
Topics	Shifting Towards Sustainable Financing: A Game-Changer

Date & Time Held	November 25, 2021 /4:00 pm to 6:00 pm
Venue	Microsoft Teams
Speakers	USEC Rafaelita Aldaba, Dr. David Hanson, Comm. Kelvin Lester K. Lee, Benjamin Rex Emilio Azada, Sophia the Robot, Dr. Donald Lim
Topics	Lighting the FIRE of Sustainability and Resiliency

Date & Time Held	December 17, 2021 /1:30 pm to 4:00 pm
Venue	Zoom
Speakers	Comm. Kelvin Lester K. Lee and Atty. Rachel Esther J. Guntang-Remalante
Topics	Briefing on SEC Memo Circular No. 09 s. 2021: Rules on Authorization of Investment Company as a Qualifying CIS and Recognition of a Foreign CIS under the ASEAN CIS Framework

Date & Time Held	February 17, 2022 /3:00 pm to 4:00 pm
Venue	Zoom
Speakers	Mon Abrea
Topics	How to avoid a BIR Audit

Date & Time Held	September 7-9, 2022/ 3:00 pm – 5:00 pm
Venue	Via Zoom
Speakers	Atty. Jose General Martin/Roel Villanueva/ Grace Calubaquib/ Atty. Daniel Luis Macalino
Participant	Robinson W. Siao

Topics	Updates on Anti-Money Laundering Act Frequently Violated Rules and Common Audit Findings Update on Trading Rules Market Red Flags
--------	--

Date & Time Held	November 03, 2022 at 9:30AM
Venue	Ascott, BGC
Speakers	Atty. Alex Cabrera/Atty. Jerry Coloma/Debie Rodrigo/Wilbert Cua
Participant	Robinson W. Siao
Topics	Learning Death and Taxes/Last Will

Date Held	January 26, 2023
Venue	20 Molave Place, South Forbes Park, Makati
Time	3:00 pm to 6:00 pm
Speakers	Eric Benitez/Virata Gamany/Vince Padilla
Participant	Robinson W. Siao
Topics	Building your Property Portfolio/Discussion on Real Estate Investments as a source of wealth creation and recurring income

### 3. Constantino L. Navarro III

Date & Time Held	May 8, 15, 22 and 29, 2021
Venue	Virtual Conference
Speakers	Various
Topics	Mandatory Continuing Legal Education

### 4. Regis V. Puno

Date & Time Held	September 23, 2020
Venue	Virtual Conference
Speakers	Association of Bank Compliance Officers, Inc.
Topics	3rd ABComp Online General Membership Meeting: BSP Supervisory Assessment Framework (SAFR) To Replace the Camels and ROCA Rating Systems for BSP- Supervised Financial Institutions (BSFI)

Date & Time Held	November 25, 2020
Venue	Virtual Conference
Speakers	The Alumni Association of AIM, Inc.
Topics	Impact of Sustainable Finance and Sustainability Reporting on Large Companies and SMES

Date & Time Held	December 3, 2020
Venue	Virtual Conference
Speakers	Association of Bank Compliance Officers, Inc.
Topics	4th ABComp Online General Membership Meeting: Anti-Money Laundering and Countering the Financing of Terrorism

Date & Time Held	March 12, 2021
Venue	Virtual Conference
Speakers	Institute of Corporate Directors
Topics	Advance Corporate Governance Training Program



Date & Time Held	June 1, 2022
Venue	Virtual Conference
Speakers	Ateneo Center for Continuing Legal Education and Research
Topics	Mandatory Continuing Legal Education (MCLE) 7 <sup>th</sup> compliance period (April 15, 2019 to April 14, 2022)

Date & Time Held	December 6, 2022 (9:00am- 12:00nn)
Venue	Virtual Conference
Speakers	Conducted by Center for Global Best Practices
Topics	Corporate Governance Training  Topic 1: Corporate Governance Updates (1-hour session) by Atty Tina Callangan  Topic 2: Economic Briefing (1-hour session) By Mr. Jonathan Ravelas  Topic 3: Executive Briefing on Crisis Communication and Dealing with Controversies (1-hour session) by Dr. Dante Velasco

Date & Time Held	May 4, 2023 (12:30-4:00 pm)
Venue	Virtual Conference
Speakers	Dr. Sarah Daway-Ducanes, Kristine Romano and Jon Canto
Topics	GTCAP Thought Leadership Series: Seizing Opportunities through the Philippine Development Plan & Consumer and Market Insights

Date & Time Held	August 24, 2023 (11:30 am- 4:00 pm)
Venue	6/F Multi-Purpose Hall, Grand Hyatt Residences BGC
Speakers	Prof. Colin Hubo, Ms. Giggay Hontiveros-Malvar, Commissioner Kelvin Lee and Ms. Angkana Meeploy
Topics	GTCAP Thought Leadership Series: Advancing Sustainability: From Goals to Action

#### 5. Wilbert S. Cua

Date	January 21, 2021
Time	4PM - 5:30PM
Venue	Zoom
Speaker	Yeng Tupaz, Ayala Land
Topic	Boom or Bust: Property and Retail Update

Date	February 11, 2021
Time	10AM - 11:30AM
Venue	Zoom
Speaker	Alex Cabrera, Chairman PWC
Topic	Managing an LOA

Date	February 15, 2021
Time	4:30PM - 6:30PM
Venue	Zoom
Speaker	Kristine Romero, McKinsey
Topic	Sink or Swing: Philippine Economic Update

Date	May 4, 2021
Time	3PM - 4PM
Venue	Zoom
Speaker	Alex Cabrera, Chairman PWC
Topic	CREATE BILL

Date	May 20, 2021
Time	10AM - 11AM
Venue	Zoom
Speaker	Colliers Philippines and IFC World Bank
Topic	Green Edge: Building Sustainable and Future Proof Offices

Date	June 30, 2021
Time	2PM - 3PM
Venue	Zoom
Speaker	Marian Joraschkewitz, Marsh & McLennan
Topic	Risk Management Program

Date	July 30, 2021
Time	10AM - 11AM
Venue	Zoom
Speaker	Colliers Philippines
Topic	Philippine Property Market Briefing

Date & Time Held	September 10, 2021 /4:00 pm to 5:30 pm
Venue	Zoom
Speakers	Director General Jeremiah B. Belgica
Topics	A Fireside Chat with Anti Red Tape Authority (ARTA)

Date & Time Held	October 26, 2021 /4:00 pm to 5:30 pm
Venue	Zoom
Speakers	PWC Chairman Roderick Danao
Topics	Avoid Financial Fraud

Date & Time Held	November 25, 2021 /4:00 pm to 6:00 pm
Venue	Zoom
Speakers	Institute of Corporate Directors, Usec. Rafaelita Aldaba, Dr. David Hanson, Comm. Kelvin Lee, Benjamin Azada, and Donald Lim
Topics	Lighting the Fire of Sustainability and Resiliency

Date & Time Held	January 26, 2022
Venue	Zoom
Speakers	Globe Business
Topics	Tech Up: Innovate Your Business

Date & Time Held	July 14, 2022
Venue	Ginza Japanese Restaurant, Makati
Speakers	Marsh & McLennan and Mercer
Topics	The Sky is Falling (Risk Management)

Date & Time Held	August 4, 2022
Venue	Zoom
Speakers	Urban Land Institute (ULI) Asia-Pacific
Topics	Renewable Energy Strategies for Real Estate

Date & Time Held	October 11 and October 19, 2022 / 9AM
Venue	Online (Zoom)
Speakers	Anti-Money Laundering Council
Topics	Anti-Money Laundering / Counter-Terrorism Financing (AML/CTF) Fundamentals Webinar

Date & Time Held	October 13, 2022 / 9AM
Venue	Manila Polo Club
Speakers	Tom Oliver
Topics	Unleash Your Inner Giant

Date & Time Held	October 25, 2022 / 8AM
Venue	Online (Zoom)
Speakers	Water Environment Association of the Philippines In coordination with: Environmental Management Bureau NCR, Department of Environment and Natural Resources
Topics	Training Course for Managing Heads

Date & Time Held	January 26, 2023 / 3PM
Venue	Forbes Park, Makati
Speakers	Eric Benitez, Vince Padilla, Virata Gamany
Topics	Building Your Property Portfolio

Date & Time Held	June 7, 2023 / 5PM
Venue	Makati Diamond Residences
Speakers	Reyes Tacandong Audit Firm
Topics	Construction Fraud 101

Date & Time Held	August 15, 2023 / 9AM
Venue	Makati Shangri-la Hotel
Speakers	Alan Miltz
Topics	Power of 1: Scaling Profit, Cash and Value

**Disclosure Requirement under Section 49 of the Revised Corporation Code**

Item	Requirement under Section 49 of the Revised Corporation Code	Reference
A	The minutes of the most recent regular meeting which shall include, among others: (1) A description of the voting and vote tabulation procedures used in the previous meeting; (2) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given; (3) The matters discussed and resolutions reached; (4) A record of the voting results for each agenda item; (5) A list of the directors or trustees, officers and stockholders or members who attended the meeting; and (6) Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders.	Please see the discussion on Item 15, Pages 17 to 19 of the DIS, Annex E of the DIS and in the company website at <a href="https://www.lmg.ph/pages/2022-annual-stockholders-meeting">https://www.lmg.ph/pages/2022-annual-stockholders-meeting</a> .
B	A members' list for nonstock corporations and, for stock corporations, material information on the current stockholders, and their voting rights.	Please see the discussion on Item 4, pages 3 to 5 of the DIS and in the company website at <a href="https://www.lmg.ph/pages/list-of-top-100-stockholders">https://www.lmg.ph/pages/list-of-top-100-stockholders</a> .
C	A detailed, descriptive, balanced and comprehensible assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs.	Please refer to pages 1 to 14 of Annex G.
D	A financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees.	Please refer to Annex C-1 of the DIS and pages 14 to 15 of Annex G.
E	An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof.	Please refer to page 21 of Annex G.
F	Director or trustee profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation,	Please see the discussion on Item 5, pages 5 to 13 of the DIS, pages 16 to 19 of Annex G and Annex H.

	trainings and continuing education attended, and their board representations in other corporations.	
G	A director or trustee attendance report, indicating the attendance of each director or trustee at each of the meetings of the board and its committees and in regular or special stockholder meetings.	Please refer to pages 23 to 26 of Annex G.
H	Appraisals and performance reports for the board and the criteria and procedure for assessment.	Please see the discussion on Item 2, Page 2 to 3 of the DIS, in the company website at <a href="https://www.lmg.ph/pages/manual-on-corporate-governance">https://www.lmg.ph/pages/manual-on-corporate-governance</a> and <a href="https://www.lmg.ph/pages/i-acgr-integrated-annual-corporate-governance-report">https://www.lmg.ph/pages/i-acgr-integrated-annual-corporate-governance-report</a> , and page 26 of Annex G.
I	A director or trustee compensation report prepared in accordance with this Code and the rules the Commission may prescribe.	Please see the discussion on Item 6, pages 14 to 15 of the DIS.
J	Director disclosures on self-dealings and related party transactions.	Please see the discussion on Item 5 in page 13 of the DIS, pages 21 and 27 of Annex C-1, and pages 15 and 21 to 22 of Annex C-2.
K	The profiles of directors nominated or seeking election or reelection.	Please see the discussion on Item 5, pages 9 to 12 of the DIS and pages 15 to 19 of Annex G.