

**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
September 15, 2022, 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: **August 24, 2022**

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
Common stock, Php 1.00 par value	193,544,176 common shares (excluding 100,028 treasury shares)

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**

PART I.

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 the corporation at the principal office of the corporation or through e-mail at lrquerido@punolaw.com on or before August 31, 2022.

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

- (a). Date: **September 15, 2022**
Time: **9:30 a.m.**
Place: **The meeting will be conducted virtually and participation will be via remote communication (Zoom videoconference)**
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: **August 24, 2022**

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.

The Agenda of the Stockholders' meeting to be held on September 15, 2022 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 16, 2021;
2. Annual Report of Officers and approval of the Audited Financial Statements of the Corporation as of December 31, 2021;
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. Approval of the amendment of the Amended Articles of Incorporation to reflect the change in principal address of the Corporation;
5. Approval of the amendment of the Amended By-Laws;
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, 2022;
9. Other Business that may be brought before the meeting;
10. 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 Company 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 Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of August 10, 2022, 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 Company's stock of record as of August 25, 2022, 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) business days prior to the meeting on September 15, 2022, or from August 26, 2022 to September 14, 2022.

As of August 10, 2022, 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 (₱1.00) per share. Each share is entitled to one (1) vote.

(a) (1) Security Ownership of Certain Record and Beneficial Owners

As of August 10, 2022, 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 193,453,383	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 ¹	Filipino	65,869,923	34.03

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 September 15, 2022 Annual Stockholders' meeting is to be held on September 5, 2022 at 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

(a) (2) Security Ownership of Management

¹ None of the various holders of the Company's common shares registered under the name of PCD Nominee Corporation owns more than 5% of the Company's shares.

As of August 10, 2022, 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%

- (b) 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**
- (c) 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**
- (d) Voting Trust of Holders of 5% or more **No voting Trust Agreement was entered into by persons holding more than 5% of the shares.**

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	53	Filipino
Robinson W. Siao	Vice-Chairman of the Board/ President/ Chief Executive Officer/Director	52	Filipino
Ann Marietta L. Sytin	Director	54	Filipino
Constantino L. Navarro III	Director	62	Filipino
Regis V. Puno	Director	63	Filipino
Eduardo H. Yap	Director	76	Filipino

Rafael Lombos Andrada	Independent Director	61	Filipino
Sixto S. Esquivias, IV	Independent Director	67	Filipino
Wilbert S. Cua	Independent Director	44	Filipino
Ranulfo Gerardo V. Payos, Jr.	Corporate Secretary	46	Filipino
Eduardo G. Castelo	Assistant Corporate Secretary	73	Filipino
Ronald Ian W. Ching	Compliance Officer	46	American

ROMMEL L. SYTIN, 53, Filipino, Director, Chairman of the Board, Treasurer and Chief Risk Officer. 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.

ROBINSON W. SIAO, 52, Filipino, Vice-Chairman of the Board, Director, President, and Chief Executive Officer. Mr. Siao is a 30-year veteran in the 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, 54, Filipino, Director. Ms. Sytin 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, 62, Filipino, Director. Mr. Navarro 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, 76, Filipino, Director. Mr. Eduardo Yap 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.

REGIS V. PUNO, 63, Filipino, Director. Mr. Regis Puno 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, 61, Filipino, Independent Director. Mr. Andrada received his Bachelor of Science in Commerce Business Management from the De La Salle University in 1982. He previously served as First Vice President & Treasurer of Manila Electric 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, 67, Filipino, Independent Director. Mr. Esquivias 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 Master 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, 44, Filipino, Independent Director. Mr. Wilbert S. Cua was elected as director on 16 September 2021. 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. 46, Filipino, Corporate Secretary. Mr. Ranulfo Gerardo V. Payos, Jr. 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, 73, Filipino, Assistant Corporate Secretary. Mr. Castelo 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 42 and 47 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, 46, American, Compliance Officer. Mr. Ronald Ian W. Ching 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 stock broker for Value Quest Securities Corporation.

The Directors of the Company 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 Lombos 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 2022-2023:

ROMMEL L. SYTIN, 53, Filipino, Director, Chairman of the Board, Treasurer and Chief Risk Officer. 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.

ROBINSON W. SIAO, 52, Filipino, Vice-Chairman of the Board, Director, President, and Chief Executive Officer. Mr. Siao is a veteran in securities brokerage having around 30 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, 54, Filipino, Director. Ms. Sytin 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, 62, Filipino, Director. Mr. Navarro 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, 76, Filipino, Director. Mr. Eduardo Yap 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.

REGIS V. PUNO, 63, Filipino, Director. Mr. Regis Puno 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, 61, Filipino, Independent Director. Mr. Andrada received his Bachelor of Science in Commerce Business Management from the De La Salle University in 1982. He previously served as First Vice President & Treasurer of Manila Electric 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, 67, Filipino, Independent Director. Mr. Esquivias 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 Master 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, 44, Filipino, Independent Director. Mr. Wilbert S. Cua was elected as director on 16 September 2021. 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. 46, Filipino, Corporate Secretary. Mr. Ranulfo Gerardo V. Payos, Jr. 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, 73, Filipino, Assistant Corporate Secretary. Mr. Castelo 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 41 and 46 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, 46, American, Compliance Officer. Mr. Ronald Ian W. Ching 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. Prior to becoming its President, Mr. Ching was a stock broker for Value Quest Finance Corporation.

(Note: As provided in the Company'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"**.

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 Company'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 company.

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.

Item 6. Compensation of Directors and Executive Officers

LMG only had one professional consultant that oversaw its trading operations from January 1, 2018 to December 15, 2018. It previously outsourced the services of Chemical Industries of the Philippines for its management and administrative requirements.

Key management personnel of LMG are also members of its Board of Directors. No compensation was provided by the Company to key management personnel in 2022.

Summary of Compensation Table

	Year	Salary
Professional Consultant	2017	Php437,870.00
N/A	2018	0
N/A	2019	0
N/A	2020	0
N/A	2021	0
N/A	2022	0

Compensation of Directors

(a) Standard Arrangements A director present during the annual stockholders' meeting receives a per diem of Php15,000.

(b) Other Arrangements - None.

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

(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 Company for the years, 2017, 2018, 2019, 2020 and 2021. Duly authorized representatives of Reyes Tacandong & Co. are expected to be present at the annual meeting of 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.

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

A. Change in Independent Accountant

Not Applicable

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

Not Applicable

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

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 Audited Financial Statements for the period ending 2021 and the SEC Form 17-Q for the second quarter of 2022 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, 2021 with the Statement of Management's Responsibility (**Annex "C-1"**);
- II. Interim Unaudited Financial Statements ending June 30, 2022 (**Annex "C-2"**);
- III. SEC Form 17-Q Report for the quarterly period ended June 30, 2022 (**Annex "D"**);
- III. Summary of the Minutes of the last Annual Stockholders Meeting held on September 16, 2021 and duly disclosed to the Securities and Exchange Commission (**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

The amendment of the Amended Articles of Incorporation changing the principal address of the Corporation from 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City to Unit 1915, PSE Tower, 5th Avenue corner 28th Street Bonifacio Global City, Taguig is to reflect the current principal office address of the Corporation since it will be transferring offices.

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

Item 18. Other Proposed Action

Not applicable

Item 19. Voting Procedures

As of August 10, 2022, the total number of outstanding shares entitled to vote is 193,544,176 with a par value of one peso (P1.00) per share. Each share is entitled to one (1) vote.

Approval of amendments to the amended Articles of Incorporation to reflect the change in the principal address of the Corporation as well as the approval of amendments to the amended By-Laws shall require the affirmative vote of at least two-thirds (2/3) of the stockholders present or represented by proxy at the annual meeting for the approval of each of these items in the agenda.

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**

The Company adopted its Manual of Corporate Governance on May 31, 2017.

In December 15, 2017, the SEC mandated all companies to submit an Integrated Annual Corporate Governance Report (I-ACGR) by May 31. On May 30, 2022, the Company submitted its I-ACGR for 2021. As of August 10, 2021, LMG has initiated efforts to comply with the recommendations provided under the I-ACGR and is continuously exerting efforts to fully comply with its I-ACGR.

Pursuant to the SEC Code of Corporate Governance for Publicly-Listed Companies, the Board has formed committees: Audit, Corporate Governance, Board Risk Oversight and Related Party Transaction Committees. It bears mention that the Chairmanship of these Committees are all held by independent directors.

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 Company'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.

5. 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
- Wilbert S. Cua

6. 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 company's Compliance Officer and Mr. Rommel Sytin as its Chief Risk Officer.

The Company has sought to keep communications open with its stockholders and encourages them to participate in the meeting of stockholders either in person or by proxy.

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

Plan of Operation

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

Management's Discussion and Analysis

The following discussion and analysis relate to the financial position and results of operations of the Company 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 Company's functional and presentation currency, as defined under PFRS. All values are rounded to the nearest pesos, except when otherwise indicated.

Results of Operations

Key Components of Results of Operations

There was no trading operation in 2021 and 2020. Operating expenses amounted to **₱3,664,872** and **₱4,341,944** in 2021 and 2020, respectively.

LMG incurred a net income of **₱46,046,400** and **₱37,848,664** in 2021 and 2020, respectively. The increase is mainly attributable to unrealized gain on value of financial assets at fair value through profit or loss ("FVPL") and realized gains on sale of trading securities.

The table below summarizes the results of operations of the Company for the years ended December 31, 2021, 2020 and 2019, presented in absolute amounts.

	For the Year Ended December 31				
	2021	2020	2019	% of Change	
	(in Millions of Philippine Pesos, except percentages)			2021 vs 2020	2020 vs 2019
Operating Expenses	3.6	4.3	2.0	(16%)	115%
Interest Income	0.3	1.6	7.1	(81%)	(77%)
Other income	5.0	1.2	-	316%	-
Income (Loss) Before Income Tax	46	37.8	5.2	22%	627%
Income Tax Expense	-	-	-	-	-
Net Income (Loss)	46	37.8	5.2	22%	627%

2021 compared with 2020

Assets

Assets increased by **20%** or **₱45,971,345** from previous year's **₱226,018,137** to **₱271,989,482** mainly due to the financial assets at FVPL.

Liabilities

Liabilities decreased by **₱75,055** from **₱270,515** to **₱195,460** mainly due to LMG engaging less various consultants for its accounting, compliance, and legal services.

Company Performance and Profitability and Liquidity

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2021	2020
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1,391.54	835.51
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
------------------------	--	------	------

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

LMG Corp. (LMG or the Company, 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 Securities and Exchange Commission (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 P 44.4 million and P 72.5 million, respectively to the Company's stockholders, in proportion to their shareholdings in the Company.

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 Company. 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 Company.

Item 23. Market Price and Dividends

Market Information

Principal market where the Company's common share is being traded and its current status:

Philippine Stock Exchange (PSE) Status – There were public trading in the last three years.

Presented below are the high and low sales prices for each quarter of 2021, 2020 and 2019:

1) 2021

	1 st quarter		2 nd quarter		3 rd quarter		4 th quarter	
High (Php)	5.10	March 2, 2021	4.95	June 16, 2021		None available yet		None available yet
Low (Php)	4.05	January 15, 2021	4.12	June 9, 2021		None available yet		None available yet

2) 2020

	1 st quarter		2 nd quarter		3 rd quarter		4 th quarter	
High (Php)	5.44	February 20, 2020	4.70	April 17, 2020	5.02	August 10, 2020	4.90	December 18, 2020
Low (Php)	3.50	March 30, 2020	4.30	June 8, 2020	4.10	July 15, 2020	4.01	October 21, 2020

3) 2019

	1 st quarter		2 nd quarter		3 rd quarter		4 th quarter	
High (Php)	4.58	February 6, 2019	4.61	May 29, 2019	5.63	September 20, 2019	5.60	October 2, 2019
Low (Php)	4.05	March 15, 2019	3.83	April 29, 2019	4.16	June 14, 2019	4.46	November 28, 2019

Holders

The number of shareholders of record as of December 31, 2021 was 23 and as of March 31, 2022 was 25. Common stocks outstanding as of 31 December 202 and 31 March 2022 were 193,544,176, with 100,028 shares held in treasury.

The stockholders as of December 31, 2021 and March 31, 2022 based on the Stock Transfer Agent's records are as follows:

Name	Dec 31, 2021	% to total	March 31, 2022	% 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

Dividends per share	2021	2020	2019
Cash	nil	nil	nil
Property	nil	nil	nil

Restrictions that limit the payment of cash dividend

None

Recent Sales of Unregistered Securities

There are no recent sales of unregistered securities.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

Not applicable

PART III.

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.

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 August 10, 2021.

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 Stockholders of **LMG CORP.** will be held on September 15, 2022, Thursday, 9:30 a.m., through remote communication (videoconferencing on Zoom).

A. The Agenda¹ 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 16, 2021²
- 4) Annual Report of Officers and approval of the Audited Financial Statements of the Corporation as of December 31, 2021
- 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) Approval of the amendment of the Articles of Incorporation to reflect the change in principal address of the Corporation
- 7) Approval of the amendment of the By-Laws
- 8) Election of Board of Directors for the ensuing year
- 9) Appointment of External Auditor
- 10) Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2022
- 11) Other Business that may be brought before the meeting
- 12) Adjournment

B. Link to the 2022 Annual Stockholders’ Meeting

The Zoom link to the 2022 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 August 31, 2022 addressed to the attention of the Corporate Secretary at the principal office or through email at lrquerido@punolaw.com.

C. Notification Procedure

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

² A summary of the Minutes of the Annual Meeting of the Stockholders held on September 16, 2021 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 with the email subject "**LMG Corp.: 2022 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 2022 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 **September 5, 2022**.

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

As the 2022 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 **August 25, 2022** 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 August 31, 2022** addressed to the attention of the Corporate Secretary. Validation of proxies is set on **September 5, 2022 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 2022 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 2022 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 Stockholders’ Meetings held on September 16, 2021.

Copies of the Minutes are distributed prior to the date of the Annual Meeting of 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 16, 2021.

IV. Annual Report of Officers and approval of the Audited Financial Statements of the Corporation as of December 31, 2021.

The Corporation’s audited financial statements as of December 31, 2021 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 2021 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 2021 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=653a8ae3fb7dd1dc3470cea4b051ca8f
- 2) https://edge.pse.com.ph/openDiscViewer.do?edge_no=3306448ad00ba7a83470cea4b051ca8f

A resolution to ratify the acts, resolutions, and proceedings of the Board of Directors, corporate officers, and management in 2021 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. Approval of the amendment of the Articles of Incorporation to reflect the change in principal address of the Corporation.

The Board of Directors of the Corporation proposes to amend the Third Article of the Amended Articles of Incorporation to change the principal address of the Corporation.

Below is the text of the proposed resolution:

RESOLVED, that the Board of Directors of LMG CORP. (the “Corporation”) approves, as it hereby approves, the change in the principal address of the Corporation from 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City to Unit 1915, PSE Tower, 5th Avenue corner 28th Street Bonifacio Global City, Taguig City. The amendment of the Third Article of the Amended Articles of Incorporation shall read as follows:

THIRD: That the principal office of the Corporation shall be at Unit 1915, PSE Tower, 5th Avenue corner 28th Street Bonifacio Global City, Taguig City, Philippines.

RESOLVED, FINALLY, that the Board of Directors of the Corporation will present and obtain the approval for the amendment to the Articles of Incorporation in the next annual stockholders’ meeting.

VII. Approval of the amendment of the By-Laws.

The Board of Directors of the Corporation proposes to amend the Amended By-Laws to reflect the denial of pre-emptive right as stated in the Amended Articles of Incorporation, to reflect changes in the Revised Corporation Code, and to correct typographical errors.

Below is the text of the proposed resolution:

RESOLVED, that the Board of Directors of LMG CORP. (the “Corporation”) approves, as it hereby approves, the following changes to following Articles of the Amended By-Laws of the Corporation:

Article and Section Nos.	From	To
Article I, Section 1	CERTIFICATE OF STOCK shall be issued to each holder of fully paid stock in numerical order from the stock certificates book, and shall be signed by the President and by the Secretary and sealed by the Secretary with the corporate seal. A record of each certificate issued shall be kept on the stub thereof and upon the stock register of the company.	CERTIFICATE OF STOCK shall be issued to each holder of fully paid stock in numerical order from the stock certificates book, and shall be signed by the President and by the Secretary and sealed by the Secretary with the corporate seal. A record of each certificate issued shall be kept on the stub thereof and upon the stock register of the <u>Corporation</u> .
Article I, Section 2	TRANSFER OF STOCK shall be made by endorsement of the certificate and delivery thereof, but shall not be effective and binding so far as the company is concerned until duly registered upon the books of the company, and before a new certificate is issued, the old certificate must be entered for cancellation and cancelled upon the face thereof. The stock books of the company shall be closed for transfer during five days next preceding general election and during five days next preceding the date upon which dividends are declared payable and during each additional time as the Board of Directors may from time to time determine.	TRANSFER OF STOCK shall be made by endorsement of the certificate and delivery thereof, but shall not be effective and binding so far as the <u>Corporation</u> is concerned until duly registered upon the books of the <u>Corporation</u> , and before a new certificate is issued, the old certificate must be entered for cancellation and cancelled upon the face thereof. The stock books of the <u>Corporation</u> shall be closed for transfer during <u>five (5)</u> days next preceding general election and during <u>five (5)</u> days next preceding the date upon which dividends are declared payable and during each additional time as the Board of Directors may from time to time determine.
Article I, Section 3	THE UNISSUED STOCK of the company shall be offered for sale and sold in such quantities and at such times as the Board of Directors of the company may from time to time determine, and shall be sold upon such terms and for such prices (not less than par) as may be fixed in the resolutions directing such sales	THE UNISSUED STOCK of the <u>Corporation</u> shall be offered for sale and sold in such quantities and at such times as the Board of Directors of the <u>Corporation</u> may from time to time determine, and shall be sold upon such terms and for such prices (not less than par) as may be fixed in the resolutions directing such sales.
Article I, Section 4	TREASURY STOCK of the company shall consist of such unissued and outstanding stock of the company as may be donated to the company or otherwise acquired by it, and shall be held subject to disposal by the Board of Directors or the stockholders, as the case may be. Such stock shall neither vote nor participate in dividends while held by the company.	TREASURY STOCK of the <u>Corporation</u> shall consist of such unissued and outstanding stock of the <u>Corporation</u> as may be donated to the <u>Corporation</u> or otherwise acquired by it, and shall be held subject to disposal by the Board of Directors or the stockholders, as the case may be. Such stock shall neither vote nor participate in dividends while held by the <u>Corporation</u> .

Article I, Section 5	LOSS OR DESTRUCTION OF CERTIFICATES The Board of Directors may be direct a new certificate or certificates of stock to be issued in place of any certificate of certificates theretofore issued and alleged to have been lost or destroyed in the manner provided by law.	LOSS OR DESTRUCTION OF CERTIFICATES. The Board of Directors <u>may direct that</u> a new certificate or certificates of stock to be issued in place of any certificate <u>or</u> certificates theretofore issued and alleged to have been lost or destroyed in the manner provided by law.
Article I, Section 6	SUBSCRIPTION RIGHT ON INCREASE OF STOCK. Should the capital of the company at any time be increased, such increase shall first be offered to, and may be subscribed by; the existing stockholders in proportion to their present shareholdings at a price to be determined by the board provided that it shall be not less than par value.	<u>DENIAL OF PRE-EMPTIVE RIGHT.</u> <u>All shares of the Corporation shall have no pre-emptive right to purchase or subscribe to any issuance of shares of stock of the Corporation of any class and/or series now or hereafter authorized, or reissued from treasury.</u>
Article I, Section 7	TIME FOR PAYMENT OF SUBSCRIPTION OF STOCK. Subscription to capital stock must be paid to the Treasurer at such time or times, and in such installments as the Board of Directors may, by resolution, require.	TIME FOR PAYMENT OF <u>SUBSCRIPTION</u> OF STOCK. Subscription to capital stock must be paid to the Treasurer at such time or times, and in such installments as the Board of Directors may, by resolution, require.
Article II, Section 1	ANNUAL MEETING of the stockholders of this company shall be held at the principal office of the company at Makati, Metro Manila, Philippines at the 3 rd Thursday of September of each year, if a legal holiday, and if a legal holiday, then on the next regular day following.	ANNUAL MEETING of the stockholders of this <u>Corporation</u> shall be held at the principal office of the Corporation at <u>Unit 1915, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City</u> on the 3rd Thursday of September of each year, and if a legal holiday, then on the next regular day following.
Article II, Section 2	SPECIAL MEETINGS of the stockholders may be called at the principal office of the company at any time by resolution of the Board of Directors or by order of the President and must be called upon the writing request of stockholders registered as the owner of one third of the total outstanding stock.	SPECIAL MEETINGS of the stockholders may be called at the principal office of the <u>Corporation</u> at any time by resolution of the Board of Directors <u>or</u> by order of the President <u>or</u> <u>by the written request of stockholders registered as the owner of at least ten percent (10%) or more of the outstanding capital stock of the Corporation.</u>
Article II, Section 3	NOTICE OF MEETINGS, written or printed for every regular or special meeting of the stockholders shall be prepared and mailed or personally served to the registered post office address of each stockholder not less than five days prior to the date set for such meeting, and if for a special meeting, such notice shall state the object or objects of the same. <u>No</u>	NOTICE OF MEETINGS, written <u>or</u> printed for every regular or special meeting of the stockholders shall be prepared and mailed or personally served to the registered post office address of each stockholder not less than <u>twenty-one (21) days</u> prior to the date set for such meeting, and if for a special meeting, such notice shall state the object or objects of

	<u>failure or irregularity of notice of any regular or special meeting invalidate such meeting or any proceeding thereat, and no failure of notice of any meeting at which all of the shareholders are present or represented voting without protest, shall invalidate such meeting or any proceeding thereat.</u> No publication of notice of meeting in the public newspaper shall be required.	the same. <u>No failure of notice of any meeting at which all of the shareholders are present or represented and voting without protest, shall invalidate such meeting or any proceeding thereat.</u> No publication of notice of meeting in the public newspaper shall be required.
Article II, Section 4	QUORUM AT ANY MEETING of the stockholders shall consist of a majority of the outstanding capital stock of the company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several matters in which the laws of the Philippines requires the affirmative vote of a greater proportion.	QUORUM AT ANY MEETING of the stockholders shall consist of a majority of the outstanding capital stock of the <u>Corporation</u> represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several matters in which the laws of the Philippines <u>require</u> the affirmative vote of a greater proportion.
Article III, Section 1	THE BUSINESS AND PROPERTY of the corporation shall be managed by a Board of Directors who shall be stockholders and who shall be elected annually by the stockholders for the term of one year and shall serve until the election and acceptance of their duly qualified successors. Vacancies in the Board may be filled up in accordance with the procedures provided for by relevant laws.	THE BUSINESS AND PROPERTY of the <u>Corporation</u> shall be managed by a Board of Directors who shall be stockholders and who shall be elected annually by the stockholders for the term of <u>one (1)</u> year and shall serve until the election and acceptance of their duly qualified successors. Vacancies in the Board may be filled up in accordance with the procedures provided for by relevant laws.
Article III, Section 2	THE ORGANIZATIONAL MEETING of the Board of Directors shall be held without notice at the principal office of the company or at such other places in the City of Manila as a majority of the Directors may designate immediately after the annual meeting of the stockholders of the company.	THE ORGANIZATIONAL MEETING of the Board of Directors shall be held without notice at the principal office of the <u>Corporation</u> or at such other places in the City of <u>Taguig</u> as a majority of the Directors may designate immediately after the annual meeting of the stockholders of the <u>Corporation</u> .
Article III, Section 3	SPECIAL MEETINGS of the Board of Directors shall be held in the principal office of the company or at such other places in the City of Manila as may be designated in the call, and may be called by the President at any time or by any three (3) members of the Board, or such special meetings may be held at any time and place without notice by the unanimous consent of all members of the Board who are then present within the	SPECIAL MEETINGS of the Board of Directors shall be held in the principal office of the <u>Corporation</u> or at such other places in the City of <u>Taguig</u> as may be designated in the call, and may be called by the President at any time or by any three (3) members of the Board, or such special meetings may be held at any time and place by the unanimous written consent of all members of the Board who are then present within the Philippines, or

	Philippines, or with the presence and participation of all members of the Board who are then present in the Philippines.	with the presence and participation of all members of the Board who are then present in the Philippines.
Article III, Section 4	NOTICE OF SPECIAL MEETINGS shall be given by the Secretary to each members of the Board not less than one (1) day before any such meeting. No publication of the notice of any meeting in the public newspaper shall be required.	NOTICE OF SPECIAL MEETINGS shall be given by the Secretary to each <u>member</u> of the Board not less than <u>two (2) days</u> before any such meeting. No publication of the notice of any meeting in the public newspaper shall be required.
Article III, Section 5	QUORUM - A quorum at any meeting of the Directors shall consists of a majority of the entire membership of the Board as fixed in the Articles of Incorporation. A majority of such quorum shall decide any question that any matters in which the laws of the Philippines may require the affirmative vote of a greater prop01tion of the members except for the election of officers which shall require the vote of a majority of all members of the Board.	QUORUM. A quorum at any meeting of the Directors shall <u>consist</u> of a majority of the entire membership of the Board as fixed in the Articles of Incorporation. A majority of such quorum shall decide any question that any matters in which the laws of the Philippines may require the affirmative vote of a greater <u>proportion</u> of the members except for the election of officers which shall require the vote of a majority of all members of the Board.
Article III, Section 6	OFFICERS OF THE COMPANY, as provided by the By-Laws shall be elected by the Board of Directors at their first meeting after election of Directors. If any office becomes vacant during the year the Board of Directors shall fill the same for the unexpired term. The Board of Directors shall fix the compensation of the officers and agents of the company.	OFFICERS OF THE <u>CORPORATION</u> , as provided by the By-Laws shall be elected by the Board of Directors at their first meeting after election of Directors. If any office becomes vacant during the year the Board of Directors shall fill the same for the unexpired term. The Board of Directors shall fix the compensation of the officers and agents of the <u>Corporation</u> .
Article III, Section 9	PER DIEM. By resolutions of the Board, each director shall receive reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount not more than 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 Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock.	PER DIEM. By resolutions of the <u>Board of Directors</u> , each director shall receive reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount not more than <u>ten percent (10%)</u> of the net income before income tax of the corporation which shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock.
Article IV, Section 1	THE ELECTIVE OFFICERS of the Corporation shall normally consist of a Chairman of the Board, a Vice-Chairman, a President, a Corporate Treasurer and a Corporate Secretary. <u>The Corporate Treasurer and Corporate Secretary may or</u>	THE ELECTIVE OFFICERS of the Corporation shall normally consist of a Chairman of the Board, a Vice-Chairman, a President, a Corporate Treasurer and a Corporate Secretary. <u>The Corporate</u>

	<u>may not be members of the Board pursuant to Sec. 25 of the Corporation Code.</u>	<u>Treasurer and Corporate Secretary may or may not be members of the Board.</u>
Article IV, Section 4	THE PRESIDENT shall be the Chief Executive Officer of the company. He shall have the general supervision of the day-to-day operations of the Corporation. He shall have the following roles and responsibilities: - Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of business; - Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same; - Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan; - Directs, evaluates and guides the work of the key officers of the Corporation; - Manages the Corporation's resources prudently and ensures a proper balance of the same; - Builds the corporate culture and motivates the employees of the Corporation; and - Perform such other duties as the Board of Directors may from time to time assign to him.	THE PRESIDENT shall be the Chief Executive Officer of the <u>Corporation</u>. He shall have the general supervision of the day-to-day operations of the Corporation. He shall have the following roles and responsibilities: - Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of business; - Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same; - Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan; - Directs, evaluates and guides the work of the key officers of the Corporation; - Manages the Corporation's resources prudently and ensures a proper balance of the same; - Builds the corporate culture and motivates the employees of the Corporation; and - Performs such other duties as the Board of Directors may from time to time assign to him.
Article IV, Section 5	CORPORATE SECRETARY. The Corporate Secretary who must be Filipino citizen and resident of the Philippines shall perform the functions provided by law. He shall also perform such other duties as may be prescribed by the Board of Directors and/or Chairman or President.	CORPORATE SECRETARY. The Corporate Secretary who must be Filipino citizen and resident of the Philippines shall <u>perform</u> the functions provided by law. He shall also perform such other duties as may be prescribed by the Board of Directors and/or Chairman or President.
Article V, Section 1	THE FISCAL YEAR of the company shall commence with the opening of business on the 1 st day of January of each calendar year and shall close on the 31 st day of December of the same year.	THE FISCAL YEAR of the <u>Corporation</u> shall commence with the opening of business on the 1 st day of January of each calendar year and shall close on the 31 st day of December of the same year.
Article V, Section 2	DIVIDENDS shall be declared only from the unrestricted retained earnings and	DIVIDENDS shall be declared only from the unrestricted retained earnings and

	shall be payable at such times and in such amount as the Board of Directors shall determine, and shall be payable in cash or in shares of the unissued stock of the company, or both, as said Board of Directors and/or the stockholders shall determine. No dividend shall be declared that will impair the capital of the company.	shall be payable at such times and in such amount as the Board of Directors shall determine, and shall be payable in cash or in shares of the unissued stock of the <u>Corporation</u> , or both, as said Board of Directors and/or the stockholders shall determine. No dividend shall be declared that will impair the capital of the <u>Corporation</u> .
Article V, Section 3	AUDITORS shall be designated by the Board of Directors prior to the close of business in each fiscal year, who shall audit and examine the books of account of the company and shall certify to the Board of Directors and the shareholders the annual balances of said books which shall be prepared at the close of the said year under the direction of the treasurer. No director, no officer of the company and no firm or corporation of which such officer or director is a member, shall be eligible to discharge the duties of Auditor. The compensation of the Auditor shall be fixed by the Board of Directors.	AUDITORS shall be designated by the Board of Directors prior to the close of business in each fiscal year, who shall audit and examine the books of account of the <u>Corporation</u> and shall certify to the Board of Directors and the shareholders the annual balances of said books which shall be prepared at the close of the said year under the direction of the Treasurer. No director, no officer of the <u>Corporation</u> and no firm or corporation of which such officer or director is a member, shall be eligible to discharge the duties of <u>the</u> Auditor. The compensation of the Auditor shall be fixed by the Board of Directors.
Article V, Section 4	INSPECTION OF ACCOUNTS by any member of the Board of Directors in person may be made at any and all reasonable times during business hours of the company, and such inspection may embrace all books, records and vouchers of the company. The books, accounts and records of the company shall be open for inspection by the stockholders at reasonable times.	INSPECTION OF ACCOUNTS by any member of the Board of Directors in person may be made at any and all reasonable times during business hours of the <u>Corporation</u> , and such inspection may embrace all books, records and vouchers of the <u>Corporation</u> . The books, accounts and records of the Corporation shall be open for inspection by the stockholders at reasonable times.
Article VI, Section 1	The corporation shall indemnify every director or officer, his heirs, executor and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding arising from such action or suit (other than an action by the corporation to which he may be, or is, made a party by reason of his being or having been a director or officer of the corporation, except in relation to matters as to which he shall be finally adjudged in	The <u>Corporation</u> shall <u>indemnify</u> every director or officer, his heirs, executor and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding arising from such action or suit (other than an action by the corporation to which he may be, or is, made a party by reason of his being or having been a director or officer of the corporation, except in relation to matters as to which he shall be finally adjudged in

	such action, suit or proceeding to be liable for negligence or misconduct.	such action, suit or proceeding to be liable for negligence or misconduct.
Article VII, Section 1	Procedure for Amendments. The By-laws may be amended, revised or repealed or new By-Laws adopted subject to the provisions of the <u>Jaw</u> .	Procedure for Amendments. The By-laws may be amended, revised or repealed or new By-Laws adopted subject to the provisions of the <u>law</u> .
Article VIII, Section 1	The terms used in these By-Laws shall be defined and construed in accordance with the <u>Corporation Code and other relevant laws of the Republic of the Philippines</u> .	The terms used in these By-Laws shall be defined and construed in accordance with the <u>relevant laws of the Republic of the Philippines</u> .
Article IX, Section 1	The Board of Directors may adopt additional rules and regulation not inconsistent with these By-Laws and their amendments. The foregoing By-Laws were adopted by the Unanimous consent of the owners of a majority of the outstanding stock of the corporation at the first meeting of the shareholders held in Makati, Rizal, Philippines, on the 21st day of August 1970. In witness whereof, we, the undersigned shareholders present at said meeting, and voting thereat in favor of the adoption of said by-laws, have hereunto subscribed our names and with the Chairman of the meeting and the Secretary of the same do likewise without signature attest.	The Board of Directors may adopt additional rules and <u>regulations</u> not inconsistent with these By-Laws and their amendments. The foregoing By-Laws were adopted by the Unanimous consent of the owners of a majority of the outstanding stock of the corporation at the first meeting of the shareholders held in Makati, Rizal, Philippines, on the 21st day of August 1970. In witness whereof, we, the undersigned shareholders present at said meeting, and voting thereat in favor of the adoption of said by-laws, have hereunto subscribed our names and with the <u>Chairman</u> of the meeting and the Secretary of the same do likewise without signature attest.

RESOLVED, FINALLY, that the Board of Directors of the Corporation will present and obtain the approval for the amendment to the By-Laws in the next annual stockholders' meeting.

VIII. 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.

IX. 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 2022 to 2023.”

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

The Corporation’s Integrated Annual Corporate Governance Report (the “2021 I-ACGR”) was filed with the SEC and PSE on May 30, 2022 which is accessible through the PSE website at https://edge.pse.com.ph/openDiscViewer.do?edge_no=4e0a5c394350986e3470cea4b051ca8f. In the 2021 I-ACGR, the Corporation committed to undertake actions to comply with the recommendations set out in the 2021 I-ACGR. In this regard, the Board has, is, will do acts to comply with applicable recommendations under the 2021 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 Integrated Annual Corporate Governance Report.”

XI. 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.

XII. Adjournment.

After consideration of all business, the Vice-Chairman shall declare the meeting adjourned. This formally ends the 2022 Annual Meeting of Stockholders of the Corporation.

ANNEX "B"

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
N/A	N/A	N/A

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.

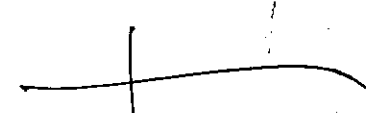
Done this AUG 09 2022 at Mandaluyong City.


RAFAEL L. ANDRADA
Affiant

SUBSCRIBED AND SWORN to before me this AUG 09 2022 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Driver's License No. N14-79-042377 with expiration date on January 26, 2023.

Doc No. 22;
Page No. 6;
Book No. I;
Series of 2022.




ATTY. MICHAEL ROMAN E. MATIAS
Notary Public for Mandaluyong City (until December 2023)
Appointment No. 0607-22
33rd Floor, The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City 1550
Roll of Attorneys No. 69301
PTR No. 4855896/01.19.2022/Mandaluyong City
IBP No. 177098/02.05.2022/Rizal (RSM)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Wilbert S. Cua, Filipino, of legal age and a resident of 64 Celery Drive, 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 (where applicable).
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	3 years
Brightstep Ventures Inc.	President	5 years
Optimal Systems Distribution Inc.	General Manager	11 years
Southlight Technology & Distribution	Corporate Secretary	5 years

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.

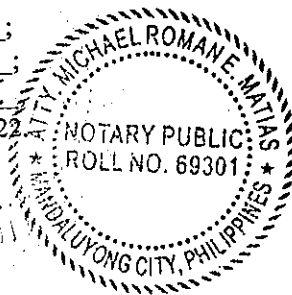
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of LMG Corp. of any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

Done this AUG 09 2022 at Mandaluyong City.


WILBERT S. CUA
Affiant

SUBSCRIBED AND SWORN to before me this AUG 09 2022 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Passport No. P8794179B issued at DFA Manila on January 28, 2022 with expiration on January 27, 2032.

Doc No. 21;
Page No. 6;
Book No. 1;
Series of 2022




ATTY. MICHAEL ROMANE E. MATIAS
Notary Public for Mandaluyong City (until December 2023)
Appointment No. 0607-22
33rd Floor, The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City 1550
Roll of Attorneys No. 69301
PTR No. 4855896/01.19.2022/Mandaluyong City
IBP No. 177098/02.05.2022/Rizal (RSM)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Sixto S. Esquivas 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
N/A	N/A	N/A

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

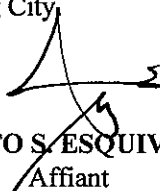
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

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 AUG 09 2022 at Mandaluyong City


SIXTO S. ESQUIVAS IV
Affiant

SUBSCRIBED AND SWORN to before me this AUG 09 2022 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Passport No. P5965094A issued at DFA Manila on February 9, 2018 with expiration on February 8, 2028.

Doc No. 23;
Page No. 6;
Book No. 1;
Series of 2022.




ATTY. MICHAEL ROMAN E. MATIAS
Notary Public for Mandaluyong City (until December 2023)
Appointment No. G607-22
33rd Floor, The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City 1550
Roll of Attorneys No. 69301
PTR No. 4855896/01.19.2022/Mandaluyong City
IBP No. 177098/02.05.2022/Rizal (RSM)

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

ANNEX "C-1"

SEC Registration Number

4 2 0 2 0

COMPANY NAME

LMG CORP. (FORMERLY LMG CHEMICALS
CORP.)

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

1006B WEST TOWER, PHILIPPINE STOCK
EXCHANGE CENTRE, EXCHANGE ROAD,
ORTIGAS CENTER, PASIG CITY

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

Fiscal 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.

NOTE 2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt 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

Opinion

We have audited the accompanying financial statements of LMG Corp. (formerly LMG Chemicals Corp.) (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2021, 2020 and 2019, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

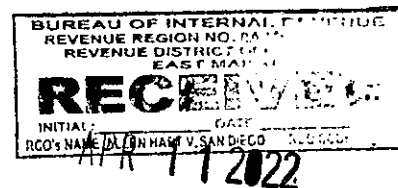
Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *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, 2021, 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 audit 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

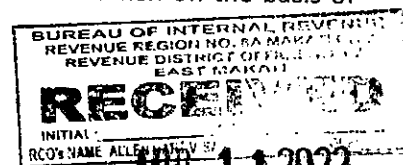
Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud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



APR 11 2022

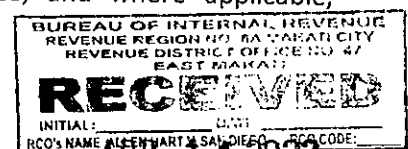


As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 audit.

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.





REYES TACANDONG & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

- 4 -

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

REYES TACANDONG & Co.

Joseph C. Bilangbilin

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. 1778-A

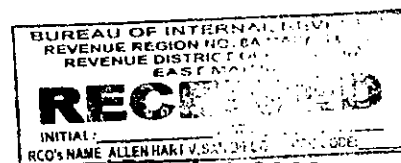
Valid until September 23, 2022

BIR Accreditation No. 08-005144-011-2020

Valid until January 1, 2023

PTR No. 8851709

Issued January 3, 2022, Makati City



APR 11 2022

March 15, 2022

Makati City, Metro Manila



LMG Corp.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

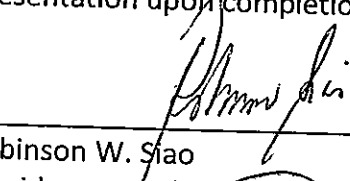
The Management of **LMG Corp.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated 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.

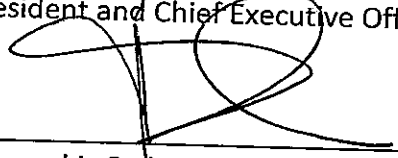
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

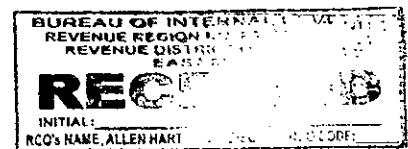
Reyes Tacandong & Co., the independent auditor appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion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



Robinson W. Siao
President and Chief Executive Officer



Rommel L. Sytin
Chairman of the Board and Treasurer



APR 11 2022

Signed this 15th day of MARCH 2022

LMG CORP.
STATEMENTS OF FINANCIAL POSITION

December 31

	Note	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	4	P54,971,652	P86,692,680
Financial assets at fair value through profit or loss (FVPL)	5	200,462,250	104,232,500
Receivables	6	15,551,285	34,343,260
Other current assets	7	1,004,295	749,697
		P271,989,482	P226,018,137

LIABILITY AND EQUITY

Current Liability

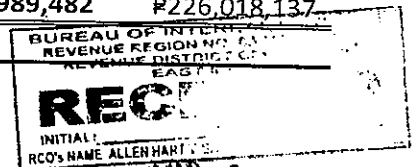
Accrued expenses and other payables	8	P195,460	P270,515
-------------------------------------	---	----------	----------

Equity

Capital stock	9	193,644,204	193,644,204
Additional paid-in capital		51,480,533	51,480,533
Retained earnings (deficit)		26,958,285	(19,088,115)
Treasury stock	9	(289,000)	(289,000)
Total Equity		271,794,022	225,747,622

P271,989,482 P226,018,137

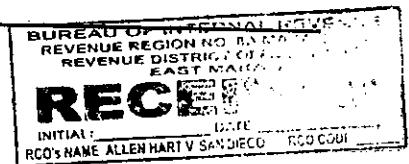
See accompanying Notes to Financial Statements.



LMG CORP.
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2021	2020	2019
REVENUES				
Unrealized gain on valuation of financial assets at FVPL	5	₱36,261,776	₱19,344,292	₱—
Realized gains on sale of trading securities	5	8,029,481	20,007,722	—
Dividend income	5	5,093,220	1,223,620	—
Interest income	4	326,795	1,614,974	7,172,242
		49,711,272	42,190,608	7,172,242
GENERAL AND ADMINISTRATIVE EXPENSES				
	10	(3,664,872)	(4,341,944)	(2,000,400)
INCOME BEFORE INCOME TAX		46,046,400	37,848,664	5,171,842
INCOME TAX EXPENSE	12	—	—	—
NET INCOME		46,046,400	37,848,664	5,171,842
OTHER COMPREHENSIVE INCOME		—	—	—
TOTAL COMPREHENSIVE INCOME		₱46,046,400	₱37,848,664	₱5,171,842
BASIC/DILUTED INCOME PER SHARE	13	₱0.238	₱0.196	₱0.027

See accompanying Notes to Financial Statements.

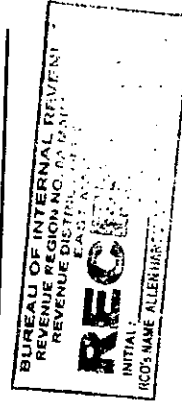


APR 11 2022

LMG CORP.

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock	Total
Balances at December 31, 2020	P193,644,204	P51,480,533	(P19,088,115)	(P289,000)	P225,747,622
Net income	-	-	46,046,400	-	46,046,400
Balances at December 31, 2021	P193,644,204	P51,480,533	P26,958,285	(P289,000)	P271,794,022
Balances at December 31, 2019	P193,644,204	P51,480,533	(P56,936,779)	(P289,000)	P187,898,958
Net income	-	-	37,848,664	-	37,848,664
Balances at December 31, 2020	P193,644,204	P51,480,533	(P19,088,115)	(P289,000)	P225,747,622
Balances at December 31, 2018	P193,644,204	P51,480,533	(P62,108,621)	(P289,000)	P182,727,116
Net income	-	-	5,171,842	-	5,171,842
Balances at December 31, 2019	P193,644,204	P51,480,533	(P56,936,779)	(P289,000)	P187,898,958



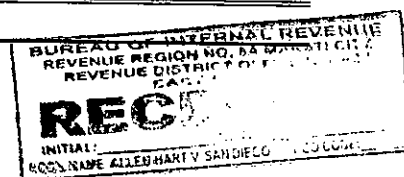
APR 11 2022

LMG CORP.
(Formerly LMG Chemicals Corporation)

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱46,046,400	₱37,848,664	₱5,171,842
Adjustments for:				
Unrealized gain on valuation of financial assets at FVPL	5	(36,261,776)	(19,344,292)	—
Interest income	4	(326,795)	(1,614,974)	(7,172,242)
Dividend income	5	(5,093,220)	(1,223,620)	—
Write-off of other current assets	7	—	—	936
Operating income (loss) before working capital changes		4,364,609	15,665,778	(1,999,464)
Decrease (Increase) in:				
Financial assets at FVPL		(59,967,974)	(84,888,208)	—
Receivable from stockbroker		23,897,026	(34,308,867)	—
Other current assets		(254,598)	(297,687)	(190,422)
Decrease in accrued expenses and other payables		(75,055)	(658)	(86,846)
Net cash used for operations		(32,035,992)	(103,829,642)	(2,276,732)
Interest received		314,964	2,580,554	6,813,376
Dividends received		—	1,223,620	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(31,721,028)	(100,025,468)	4,536,644
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		86,692,680	186,718,148	182,181,504
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱54,971,652	₱86,692,680	₱186,718,148

See accompanying Notes to Financial Statements.



APR 11 2022

LMG CORP.

NOTES TO FINANCIAL STATEMENTS

1. General Information

Corporate Information

LMG Corp. (formerly LMG Chemicals 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 Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

The financial statements of the Company as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019, were approved and authorized for issuance by the BOD on March 15, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Company 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.

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

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the financial statements, are summarized below.

Effective January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. 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 components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes 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 amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective January 1, 2023:

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

- Amendments to PAS 1 and PFRS Practice Statement 2, *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, *Making Materiality Judgements*, 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, *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.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Company. 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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. 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. 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 transfer 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 per Share

Basic income per share is calculated by dividing the net income (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 per share is computed by dividing the 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 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 2021, 2020 and 2019. Allowance for impairment losses on nontrade receivables amounted to ₱62,912,858 as at December 31, 2021 and 2020 (see Note 6).

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

	Note	2021	2020
Cash and cash equivalents*	4	₱54,961,652	₱86,682,680
Receivables	6	15,551,285	34,343,260

*Excluding cash on hand amounting to ₱10,000 as at December 31, 2021 and 2020.

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 2021 and 2020. Impairment loss on input VAT amounting to ₱936 was recognized in 2019. The carrying amount of other nonfinancial assets amounted to ₱1,004,295 and ₱749,697 as at December 31, 2021 and 2020, 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 amounting to ₱72,844,128 and ₱71,134,991 as at December 31, 2021 and 2020, 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:

	2021	2020
Cash on hand	₱10,000	₱10,000
Cash in banks	638,782	590,032
Short-term placements	54,322,870	86,092,648
	₱54,971,652	₱86,692,680

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 0.63% to 0.75% per annum in 2021 and 0.63% to 3.50% per annum in 2020 and 2019.

Details of interest income are as follows:

	2021	2020	2019
Short-term placements	₱325,851	₱1,612,335	₱7,170,911
Cash in banks	944	2,639	1,331
	₱326,795	₱1,614,974	₱7,172,242

5. Financial Assets at FVPL

Financial assets at FVPL represent listed equity securities held by the Company for trading purposes amounting to ₱200,462,250 and ₱104,232,500 as at December 31, 2021 and 2020, respectively.

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

Trading gains on financial assets at FVPL consists of:

	2021	2020
Unrealized gain on valuation of financial assets at FVPL	₱36,261,776	₱19,344,292
Realized gains on sale of trading securities	8,029,481	20,007,722
	₱44,291,257	₱39,352,014

The Company's financial assets at FVPL as at December 31, 2021 and 2020 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	2021	2020
Nontrade receivables		₱62,912,858	₱62,912,858
Receivable from stockbroker	11	15,505,061	34,308,867
Interest receivable		46,224	34,393
		78,464,143	97,256,118
Less allowance for impairment losses on nontrade receivables		62,912,858	62,912,858
		₱15,551,285	₱34,343,260

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, 2021 and 2020. No provision for impairment losses on receivables was recognized in 2021, 2020 and 2019.

7. Other Current Assets.

This account consists of:

	2021	2020
Input VAT	₱1,410,458	₱1,148,978
Prepayments	5,942	12,824
Others	10,000	10,000
	1,426,400	1,171,802
Less allowance for impairment losses on input VAT	422,105	422,105
	₱1,004,295	₱749,697

The balance and movements of the allowance for impairment losses on input VAT as at and for the years ended December 31 are as follows:

	2021	2020	2019
Balance at beginning of year	₱422,105	₱422,105	₱423,041
Write-off	—	—	936
Balance at end of year	₱422,105	₱422,105	₱422,105

8. Accrued Expenses and Other Payables

This account consists of:

	2021	2020
Accrued expenses	₱185,000	₱260,000
Others	10,460	10,515
	₱195,460	₱270,515

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 par value as at December 31, 2021, 2020 and 2019 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 15, 2022, 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 par value per share as at December 31, 2021, 2020 and 2019.

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, 2021 and 2020 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 2021 and 2020.

10. General and Administrative Expenses

This account consists of:

	Note	2021	2020	2019
Professional fees		₱1,550,723	₱1,494,001	₱1,486,001
Taxes and licenses		991,610	1,489,359	291,060
Commission	11	666,608	962,599	—
Directors fees	11	277,777	166,666	66,666
Transaction fee		84,440	123,972	—
Others		93,714	105,347	156,673
		₱3,664,872	₱4,341,944	₱2,000,400

11. Related Party Transactions

In the normal course of business, the Company has transactions with its related party. The table below summarizes the related party transactions and balance of the Company as at and for the year ended December 31, 2021 and 2020:

Nature of Relationship	Note	Nature of Transaction	Amount of Transactions		Outstanding Balance	
			2021	2020	2021	2020
Receivables						
Entity under common key management	6	Advances to stockbroker	₱29,500,000	100,000,000	₱15,505,061	₱34,308,867
	10	Commission expense	666,608	962,599	—	—

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 2021, 2020 and 2019.

Compensation of Key Management Personnel

Key management personnel of the Company are also members of its BOD. Key management personnel compensation amounted to ₱277,777, ₱166,666, and ₱66,666 in 2021, 2020 and 2019, respectively.

12. Income Taxes

The Company has no current tax expense in 2021, 2020 and 2019 due to its net taxable loss position.

As at December 31, 2021 and 2020, the Company has the following deductible temporary difference and carryforward benefits of NOLCO for which no deferred tax assets was recognized:

	2021	2020
Allowance for impairment losses on nontrade receivables	₱62,912,858	₱62,912,858
NOLCO	9,931,270	8,222,133
	₱72,844,128	₱71,134,991

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.

The carryforward benefits of NOLCO as at December 31, 2021 which can be claimed against taxable income are as follows:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Year
2021	₱3,664,872	₱—	₱3,664,872	2026
2020	4,341,944	—	4,341,944	2025
2019	1,924,454	—	1,924,454	2022
2018	1,955,735	1,955,735	—	2021
	₱11,887,005	₱1,955,735	₱9,931,270	

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 based on statutory tax rate and the income tax expense based on effective tax rate is as follows:

	2021	2020	2019
Income tax expense at statutory tax rate	₱11,511,600	₱11,354,599	₱1,551,553
Increase (decrease) in income tax resulting from:			
Trading gains on financial assets at FVPL	(11,072,814)	(11,805,604)	—
Dividend income exempt from tax	(1,273,305)	(367,086)	—
Expired NOLCO	488,934	312,274	263,559
Change in unrecognized deferred tax assets	427,284	990,309	312,122
Interest income already subjected to final tax	(81,699)	(484,492)	(2,151,673)
Nondeductible expenses	—	—	22,784
Expired MCIT over RCIT	—	—	1,655
Income tax expense at effective tax rate	₱—	₱—	₱—

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) was approved and signed into law by the country's President. Under the CREATE law, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates retroactively became effective beginning July 1, 2020.

13. Basic/Diluted Income per Share

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

	2021	2020	2019
Net income (a)	₱46,046,400	₱37,848,664	₱5,171,842
Weighted average number of shares outstanding (b):			
Issued	193,644,204	193,644,204	193,644,204
Held in treasury	(100,028)	(100,028)	(100,028)
	193,544,176	193,544,176	193,544,176
Income per share from operations (a/b)	₱0.238	₱0.196	₱0.027

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, 2021 and 2020, equity instruments that are subject to equity price risk include quoted financial assets at FVPL amounting to ₱200,462,250 and ₱104,232,500, 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 2021:

Changes in PSEi	18.63%	(18.63%)
Changes in trading income at equity portfolio under:		
Electricity, energy, power and water	₱10,755,864	(₱10,755,864)
Holding firms	7,632,813	(7,632,813)
Banks	4,186,705	(4,186,705)
Food, Beverage & Tobacco	895,921	(895,921)
Mining	477,022	(477,022)
Property	319,358	(319,358)
Media	163,563	(163,563)
	₱24,431,246	(₱24,431,246)

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:

	2021		
	12-month ECL	Lifetime ECL - credit impaired	Total
Cash in banks and short-term placements	₱54,961,652	₱—	₱54,961,652
Receivables	15,551,285	62,912,858	78,464,143
	₱70,512,937	₱62,912,858	₱133,425,795

	2020		
	12-month ECL	Lifetime ECL - credit impaired	Total
Cash in banks and short-term placements	₱86,682,680	₱—	₱86,682,680
Receivables	34,343,260	62,912,858	97,256,118
	₱121,025,940	₱62,912,858	₱183,938,798

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, 2021 and 2020 amounting to ₱185,000 and ₱260,000, 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:

	Note	Carrying Amount	2021		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Measured at Fair Value -					
Financial assets at FVPL	5	₱200,462,250	₱200,462,250	—	—

		2020			
		Carrying Amount	Fair Value		
Note	Quoted Prices in Active Markets (Level 1)		Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Asset Measured at Fair Value -					
Financial assets at FVPL	5	₱104,232,500	₱104,232,500	—	—

The Company's financial assets at FVPL as at December 31, 2021 and 2020 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, 2021 and 2020:

	2021	2020
Financial assets at amortized cost:		
Cash and cash equivalents	₱54,971,652	₱86,692,680
Receivables	15,551,285	34,343,260
	₱70,522,937	₱121,035,940
Financial liability at amortized cost -		
Accrued expenses and other payables*	₱185,000	₱260,000

*Excluding statutory payables amounting to ₱10,460 and ₱10,515 as at December 31, 2021 and 2020, respectively.



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

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

We have audited the accompanying financial statements of LMG Corp. (formerly LMG Chemicals Corp.) (the Company) as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019, on which we have rendered our report dated March 15, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 11 stockholders owning 100 or more shares each.

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. 1778-A

Valid until September 23, 2022

BIR Accreditation No. 08-005144-011-2020

Valid until January 1, 2023

PTR No. 8851709

Issued January 3, 2022, Makati City

March 15, 2022
Makati City, Metro Manila



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

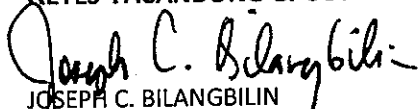
The Stockholders and the Board of Directors
LMG Corp.
1006B West Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City

We have audited in accordance with the Philippine Standards on Auditing (PSA), the financial statements of LMG Corp. (formerly LMG Chemicals Corp.) (the Company) as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 and have issued our report thereon dated March 15, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission are the responsibility of the Company's management. These supplementary schedules include the following:

- Schedules Required by Annex 68-J:
 - Schedule A. Financial Assets
 - Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 - Schedule C. Amounts Receivables from Related Parties which are Eliminated during the Consolidation of Financial Statements
 - Schedule D. Long-Term Debt
 - Schedule E. Indebtedness to Related Parties
 - Schedule F. Guarantees of Securities of Other Issuers
 - Schedule G. Capital Stock
- Reconciliation of Retained Earnings Available for Dividend Declaration

The supplementary schedules are presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68, and are not part of the basic financial statements. The information in the supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, the financial data required to be set forth therein 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. 1778-A

Valid until September 23, 2022

BIR Accreditation No. 08-005144-011-2020

Valid until January 1, 2023

PTR No. 8851709

Issued January 3, 2022, Makati City

March 15, 2022

Makati City, Metro Manila

LMG CORP.
SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2021

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at the end of the reporting period	Income received and accrued
Cash equivalents -				
Banco de Oro	—	P54,322,870	P54,322,870	P325,851
Cash in banks:				
Banco de Oro	—	493,332	493,332	784
Metropolitan Bank & Trust Company	—	145,450	145,450	160
		638,782	638,782	944
Financial assets at FVPL:				
DMCI Holdings, Inc.	2,000,000	15,420,000	15,420,000	1,440,000
Synergy Grid & Development Philippinwa, Inc.	1,200,000	15,744,000	15,744,000	—
Alliance Global Group, Inc.	1,000,000	11,800,000	11,800,000	50,000
RL Commercial Reit, Inc.	1,000,000	7,610,000	7,610,000	62,000
Aboitiz Power Corporation	800,000	23,760,000	23,760,000	—
Converge Information and Communications Technology Solutions, Inc.	700,000	22,330,000	22,330,000	—
Pilipinas Shell Petroleum Corporation	650,000	12,922,000	12,922,000	—
Manila Water Company, Inc.	600,000	14,850,000	14,850,000	371,700
First Gen Corporation	500,000	13,925,000	13,925,000	200,000
LT Group, Inc.	500,000	4,950,000	4,950,000	636,000
MREIT, Inc.	500,000	9,850,000	9,850,000	120,000
East West Banking Corporation	400,000	3,840,000	3,840,000	—
Metropolitan Bank & Trust Company	350,000	19,495,000	19,495,000	800,000
Century Pacific Food, Inc.	275,000	8,043,750	8,043,750	—
GMA Network, Inc.	250,000	3,460,000	3,460,000	337,500
Semirara Mining and Power Corporation	200,000	4,270,000	4,270,000	600,000
Ayala Land Inc.	100,000	3,670,000	3,670,000	13,600
Monde Nissin Corporation	100,000	1,620,000	1,620,000	—
EEL Corporation Series B Preferred	27,000	2,902,500	2,902,500	—
Robinsons Retail Holdings Inc.	—	—	—	183,000
Globe Telecom, Inc.	—	—	—	108,000
Robinsons Land Corp.	—	—	—	75,000
Puregold Price Club Inc.	—	—	—	67,500
DDMP REIT Inc.	—	—	—	20,136
BDO Unibank, Inc.	—	—	—	6,000
AC Energy Corporation	—	—	—	2,784
	11,152,000	200,462,250	200,462,250	5,093,220
TOTAL		P255,423,902	P255,423,902	P5,420,015

LMG CORP.

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2021

Name and designation of debtor	Balance at beginning of year	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at end of year
Value Quest Securities Corporation	P34,308,867	P29,500,000	P48,303,806	R-	P15,505,061	R-	P15,505,061

SCHEDULE C

**AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021**

[illegible]

LMG CORP.

**SCHEDULE D
LONG-TERM DEBT
DECEMBER 31, 2021**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption	Amount shown under caption
		"Current portion of long-term debt" in related statement of financial position	"Long-Term Debt" in related statement of financial position
None	None	None	None

LMG CORP.

SCHEDULE E

INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2021

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

LMG CORP.

SCHEDULE F

GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2021

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

LMG CORP.

SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2021

Title of issue	Number of shares authorized	Number of shares issued as shown under related statement of financial position caption	Number of shares outstanding as shown under related statement of financial position 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	193,544,176	—	—	100	193,644,104

LMG CORP.

**SUPPLEMENTARY SCHEDULE OF
FINANCIAL SOUNDNESS INDICATORS UNDER
REVISED SECURITIES AND REGULATIONS CODE RULE 68
DECEMBER 31, 2021 AND 2020**

	2021	2020
Current/liquidity ratio	1,391.54	835.51
Current assets	P271,989,482	P226,018,137
Current liabilities	195,460	270,515
Acid test ratio	1,386.40	832.74
Cash and cash equivalents, financial assets at FVPL and receivables	P270,985,187	P225,268,440
Current liabilities	195,460	270,515
Solvency ratio	235.58	139.91
After-tax income	P46,046,400	P37,848,664
Total liabilities	195,460	270,515
Debt-to-equity ratio	0.00	0.00
Total liabilities	P195,460	P270,515
Total equity	271,794,022	225,747,622
Asset-to-equity ratio	1.00	1.00
Total assets	P271,989,482	P226,018,137
Total equity	271,794,022	225,747,622
Interest rate coverage ratio	N/A	N/A
Income before interest and taxes	P46,046,400	P37,848,664
Interest expense	—	—
Return on equity	0.19	0.18
After-tax income	P46,046,400	P37,848,664
Average total equity	248,770,822	206,823,290
Return on assets	0.18	0.18
After-tax income	P46,046,400	P37,848,664
Average total assets	249,003,810	207,094,134
Net profit margin	N/A	N/A
After-tax income	P46,046,400	P37,848,664
Total sales	—	—

						4	2	0	2	0
--	--	--	--	--	--	---	---	---	---	---

[illegible][illegible]

1	7	-	Q
---	---	---	---

C	R	M	D
---	---	---	---

N	/	A	
---	---	---	--

Company's Email Address	Company's Telephone Number/s	Mobile Number
rgvpayos@punolaw.com	(632) 8636-6686	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
25	3rd Thursday of September	December 31

The designated contact person <u>MUST</u> be an Officer of the Corporation			
Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ronald Ian W. Ching	ianching@hotmail.com	(02)8636-6686	0927-8590317

1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City

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.

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

	Note	June 2022 (Unaudited)	December 2021 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱53,878,354	54,971,652
Financial Asset at FVPL	5	185,168,500	200,462,250
Receivables	6	5,463,202	15,551,285
Other current assets	7	1,242,356	1,004,295
		P245,752,412	271,989,482
TOTAL ASSETS		P245,752,412	P271,989,482
LIABILITY AND EQUITY			
Current Liability			
Accrued expenses and other payables	8	29,507	₱185,000
Other current liabilities		4,805	10,460
		34,312	195,460
Equity			
Capital stock	9	193,644,204	193,644,204
Additional paid-in capital		51,480,533	51,480,533
Deficit		882,363	26,958,285
Treasury stock	9	(289,000)	(289,000)
Total Equity		245,718,100	271,794,022
		₱245,752,412	₱271,989,482

See accompanying Notes to Financial Statements.

LMG CORP.
(FORMERLY LMG CHEMICALS CORP.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE TWO QUARTERS ENDED JUNE 30, 2022 (UNAUDITED)
(With Comparative Figures for June 30, 2021)

		April to June, 2022	January to June 2022	April to June 2021	January to June 2021
	(notes)				
SALES		-	-		-
COST OF SALES		-	-		-
GROSS PROFIT		-	-		-
GENERAL AND ADMINISTRATIVE EXPENSES	10	(484,165)	(1,086,962)	(854,090)	(₱1,278,063)
REALIZED GAIN (LOSS) ON FAFVPL		(5,700)	(436,300)	725,911	1,274,411
UNREALIZED GAIN (LOSS) ON FAFVPL		(31,749,810)	(30,396,357)	11,851,974	11,215,192
DIVIDINE INCOME		3,139,591	5,721,882	1,426,420	2,373,920
INTEREST INCOME	4	75,723	121,815	98,252	188,104
		(28,540,196)	(24,988,960)	14,102,557	15,051,627
INCOME (LOSS) BEFORE INCOME TAX		(29,024,361)	(26,075,922)	13,248,467	13,773,564
INCOME TAX EXPENSE	12		-		-
NET INCOME (LOSS) AFTER TAX		(29,024,361)	(26,075,922)	13,248,467	13,773,564
OTHER COMPREHENSIVE INCOME (LOSS)			-		-
TOTAL COMPREHENSIVE INCOME (LOSS)		(29,024,361)	(26,075,922)	13,248,467	13,773,564
BASIC/DILUTED INCOME / LOSS PER SHARE	13	(0.150)	(0.135)	0.068	₱0.071

See accompanying Notes to Financial Statements.

LMG CORP.**(FORMERLY LMG CHEMICALS CORP.)****STATEMENTS OF CHANGES IN EQUITY****FOR THE QUARTER ENDED June 30, 2022 (UNAUDITED)****(With Comparative Figures for June 30, 2021)**

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

	Capital Stock	Additional Paid in Capital	Deficit	Treasury	Total
Balance at January 1, 2021	193,644,204	51,480,533	(19,088,115)	(289,000)	225,747,622
Net income / Loss	-	-	13,773,564		13,773,564
Balance at June 30, 2021	193,644,204	51,480,533	(5,314,551)	(289,000)	239,521,186

See accompanying Notes to Financial Statements.

LMG CORP.
(FORMERLY LMG CHEMICALS CORP.)
STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED June 30, 2022 (UNAUDITED)
(With Comparative Figures for June 30, 2021)

	Note	January to June 2022	January to June 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		(P26,075,922)	P13,773,564
Adjustments for:			
Interest income	4, 6	(121,815)	(188,104)
Dividend income		(5,721,882)	(2,373,920)
Unrealized (gain) loss on fair value through profit or loss		30,396,357	(11,215,192)
Operating loss before working capital changes		(1,523,262)	(3,652)
Decrease (increase) in:			
Financial assets at fair value through profit or loss		(15,102,607)	(35,968,558)
Receivable		10,088,083	32,820,679
Other prepayments			(132,507)
Other current assets		(238,061)	(142,683)
Increase (decrease) in:			
Accrued expenses and other payables and other payables		(155,493)	(260,000)
Other current liabilities		(5,655)	2,226
Net cash used for operations		(6,936,995)	(3,684,495)
Interest received		121,815	188,104
Dividend income		5,721,882	2,373,920
CASH FLOWS FROM OPERATING ACTIVITIES		(1,093,298)	(1,122,471)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		54,971,652	86,692,680
CASH AND CASH EQUIVALENTS AT THE OF THE QUARTERS			
		P53,878,354	P85,570,209

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 Chemical Corporation) (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 Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Company 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.

Measurement Basis

The financial statements are presented in Philippine Peso, the Company’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 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 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 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 New and Amended PFRS

Effective beginning January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. 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 components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes 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 amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective beginning January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – 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.
- Amendments to PAS 1 and PFRS Practice Statement 2, *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, Making Materiality Judgements, 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, *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.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Company. 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 on inception, 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 instruments, except for those designated at fair value through profit and loss (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 fair value through profit or loss ("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 June 30, 2022, 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 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, 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. Cash equivalents are highly liquid investments with original maturities of three 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 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 June 30, 2022, 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 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 value.

Impairment of Financial Assets at Amortized Cost. The Company recognizes an allowance for 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 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 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 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 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 Company 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 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 costs, 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 June 30, 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 impaired or through the amortization process.

As at June 30, 2022, and 2021, the Company’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 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 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 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 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 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 Company'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 Company 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 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 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 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 transfer 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 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 Company'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 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 judgment, accounting estimates and assumptions made by the Company:

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 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 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 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;

- 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 risk 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 as of June 30, 2022 and 2021. Allowance for impairment losses on nontrade receivables amounted to P62,912,858 as at June 30, 2022 and 2021 (see Note 6).

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

	Note	June, 2022	December 2021
Cash in banks and cash equivalents	4	₱53,868,354	₱54,961,652
Receivables	6	5,463,202	15,551,285

**Excluding cash on hand amounting to p10,000 as at June 30, 2022 and December 31, 2021.*

Assessment for Impairment of Nonfinancial Assets. The Company 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 Company 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, 2022 and 2021. The carrying amount of other nonfinancial assets amounted to ₱1,242,356 and ₱1,004,295 as at June 30, 2022 and December 31, 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.

4. Cash and Cash Equivalents

This account consists of:

	June 2022 (Unaudited)	December 2021 Audited
Cash on hand	₱ 10,000	₱10,000
Cash in banks	595,163	638,782
Short-term placements	53,273,191	54,322,870
	₱53,878,354	₱54,971,652

Cash in banks earn interest at prevailing bank deposit rates and are immediately 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 interest ranging from .50% to .875% per annum.

Details of interest income are as follows:

	June 2022 Unaudited	December 2021 Audited
Short-term placements	₱121,708	325,851
Cash in banks	107	944
	₱121,815	₱326,795

5. Financial Asset at Fair Value Through Profit or Loss

Financial assets at FVPL represent listed equity securities held by the Company for trading purposes amounting to P185,168,500 and P200,462,250 as at June 30, 2022 and December 31, 2021.

Dividend income earned from financial assets at FVPL amounted to P5,721,882 and 2,373,920 for the two quarters ending June 30, 2022, and June 30, 2021 respectively.

Trading gains on financial assets at FVPL consists of:

	June 2022 Unaudited	June 2021 Unaudited
Unrealized gain on valuation of financial assets at FVPL	(₱30,396,357)	₱11,215,192
Realized gains (loss) on sale of trading securities	(436,300)	1,274,411
	(₱30,832,657)	₱12,489,603

The Company's financial assets at FVPL as at June 30, 2022 and December 31, 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.

6. Receivables

This account consists of:

	June 2022 Unaudited	December 2021 Audited
Nontrade receivables	₱62,912,858	₱62,912,858
Advances to stockbroker	5,445,593	15,505,061
Interest receivable	17,609	46,224
	68,376,060	78,464,143
Less allowance for impairment losses on receivables	(62,912,858)	(62,912,858)
	₱5,463,202	₱15,551,285

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

Advances to stockbroker pertain to funds issued by the Company 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 P62,912,858 as at June 30, 2022 and December 31, 2021. No provision for impairment losses on receivables was recognized as of June 30, 2022 and 2021.

7. Other Current Assets

This account consists of:

	June 2022 (Unaudited)	December 2021 (Audited)
Input VAT	₱1,526,491	₱1,410,458
Prepayments	125,000	5,942
Others	12,970	10,000
	1,664,461	1,426,400
Less allowance for impairment losses	(422,105)	(422,105)
	₱1,242,356	₱1,004,295

The balance and movement of additional impairment loss on other current assets are as follows for June 30, 2022 and 2021.

	June 2022 (Unaudited)	December 2021 (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 2022 (Unaudited)	December 2021 (Audited)
Accrued expenses	₱29,507	₱185,000
Others	4,805	10,460
	34,312	195,460

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

9. Equity

Capital Stock

Details of the Company's capital stock at ₱1 par value as at June 30, 2022 and 2021 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 peso to ten (10) centavos per share. As at June 30, 2022, 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 par value per share as at June 30, 2022 and December 31, 2021.

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 June 30, 2022 and December 31, 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 as of June 30, 2022.

10. General and Administrative Expenses

This account consists of:

	January to June 2022	January to June 2021
Professional fees	₱662,333	₱617,000
Taxes and licenses	246,976	229,387
Commission	119,815	248,026
Stock Transaction fees	15,432	31,946
Others	42,406	151,704
	₱1,086,962	₱1,278,063

11. Related Party Transactions

In the normal course of business, the Company has transactions with its related party. The table below summarizes the related party transactions of the Company as at March 31, 2022.

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount of Transactions</u>	<u>Outstanding Balance</u>
Receivables			
Entity under common key management	Advances for stock broker	P0	P5,445,593
	Commission expense	119,815	—

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, 2022.

Compensation of Key Management Personnel

Key management personnel of the Company are also members of its BOD. No compensation was provided by the Company to key management personnel as of June 30, 2022 and in 2021.

12. Income Taxes

The Company has no current income tax expense for the first two quarters of 2022 and for the year 2021. 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 Company's stockholders is computed as follows:

	June 2022	June 2021
Net income (loss) (a)	(₱26,075,922)	₱13,773,564

Weighted average number of shares

outstanding (b):		
Issued	193,644,204	193,644,204
Held in treasury	(100,028)	(100,028)
	193,544,176	193,544,176
Income (loss) per share from operations (a/b)	(₱0.135)	₱0.071

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.

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 June 30, 2022, equity instrument that is subject to equity price risk includes quoted financial assets at FVPL amounting to P185,168,500.

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its 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 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 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 borrower.

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 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:

	June, 2022		Total
	06--month ECL	Lifetime ECL - credit impaired	
Cash in banks and short-term placements	₱53,868,354	₱—	₱53,868,354
Receivables	5,463,202	62,912,858	68,376,060
	59,331,556	₱62,912,858	₱122,244,414

	December 2021		Total
	12-month ECL	Lifetime ECL - credit impaired	
Cash in banks and short-term placements	₱54,961,652	₱—	54,961,652
Receivables	15,551,285	62,912,858	78,464,143
	₱70,512,937	₱62,912,858	₱133,425,795

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 June 30, 2022 and December 31, 2021 amounting to ₱29,507 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 measure at fair value and the corresponding fair value hierarchy

	June 2022 (Unaudited)	December 2021 (Audited)
Asset Measured at Fair Value		
Financial assets at FVPL	185,168,500	200,462,250

The Company's financial assets at FVPL as at June 30, 2022 and December 31, 2021 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 Company whose amounts approximate its fair value due to their short-term nature or whose fair value cannot be reliably measured as at June 30, 2022 and December 31, 2021.

	June 2022 (Unaudited)	December 2021 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents	₱53,878,354	₱54,971,652
Receivables	5,463,202	15,551,285
	₱59,341,556	₱70,522,937
Financial Liability		
Financial liability at amortized cost -		
Accrued expenses and other payables*	₱29,507	₱185,000

*Excluding statutory payables amounting to ₱4,805 and ₱10,460 as at June 30, 2022 and December 31, 2021

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

Output Value-Added Tax (VAT)

The Company does not have revenues subjected to output VAT for the two quarters ending June, 30, 2022.

Input VAT

The movement in the input VAT paid by the Company for the two quarters ending June 30, 2022 is shown below:

Beginning balance	1,410,458
Domestic purchases/payments for the quarters	
Ending June 30, 2022	116,033
	1,526,491

Tax Assessments

The Company has no pending deficiency tax assessment from the BIR as at June 30, 2022.

Tax Cases

The Company has no pending tax case in courts or other regulatory bodies outside of the BIR as at June 30, 2022

LMG CORP.
(FORMERLY LMG CHEMICALS CORPORATION)

AGING OF ACCOUNTS RECEIVABLE TRADE
AS OF JUNE 30, 2022

Customer	Total Amount	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-180 days
over 180 days							
None		5,463,202	0	0	0	0	0

Notes : Other receivables consists of Interest from BDO amounting to P17,609 and the balance on stock investment trading account with Value quest Securities Corp amounting to P5,445,593.

LMG CORP.
(Formerly LMG Chemicals Corporation)

SCHEDULE A
FINANCIAL ASSETS
June 30, 2022

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
Cash equivalents:			
Banco de Oro	₱53,273,191	₱53,273,191	₱121,708
Cash in banks:			
Banco de Oro	453,427	453,427	81
Metropolitan Bank and Trust Company	141,736	141,736	26
	595,163	595,163	107
Stock Investment at FVPL	185,168,500	185,168,500	0
TOTAL	₱239,036,854	₱239,036,854	₱121,815

LMG CORP.
(Formerly LMG Chemicals Corporation)

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
June 30, 2022

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	15,505,061	10,059,468	None	None	5,445,593	None	5,445,593

LMG CORP.

(Formerly LMG Chemicals Corporation)

SCHEDULE C
AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
June 30, 2022

[illegible]

LMG CORP.

(Formerly LMG Chemicals Corporation)

SCHEDULE D INTANGIBLE ASSETS - OTHER ASSETS June 30, 2022

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes, additions (deductions)	Ending Balance
None	None	None	None	None	None	None

LMG CORP.

(Formerly LMG Chemicals Corporation)

SCHEDULE E LONG-TERM DEBT June 30, 2022

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 Corporation)

SCHEDULE F
INDEBTEDNESS TO RELATED PARTIES
June 30, 2022

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

LMG CORP.

(Formerly LMG Chemicals Corporation)

SCHEDULE G GUARANTEES OF SECURITIES AND OTHER ISSUERS June 30, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount 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 Corporation)

SCHEDULE H CAPITAL STOCK June 30, 2022

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	—	—	128,933,466	64,610,710

LMG CORP.

(Formerly LMG Chemicals Corporation)

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE COMPANY

June 30, 2022

Deficit, as adjusted, beginning		(₱28,647,783)
Add: Net income actually earned/realized during the year		
Net loss based on the face of unaudited financial statements	(26,075,922)₱	
Less: Unrealized loss on valuation of financial assets at FVPL	30,396,357	4,320,435
Deficit, as adjusted, ending		(24,327,348)

Re: CGFD_LMG Corp._SEC Form 17-Q_04August2022

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Thu 8/4/2022 10:48 AM

To: Selina Alessandra M. Miranda <smmiranda@punolaw.com>

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD. (Subject to Verification and Review of the Quality of the Attached Document) Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) Secondary Reports such as: 17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the ELECTRONIC FILING AND SUBMISSION TOOL (eFAST) such as: AFS, GIS, GFFS, LCFS, LCIF, FCFS, FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please go to SEC website:

<https://apps010.sec.gov.ph>

For your information and guidance.

Thank you and keep safe.

+S.E.C. Number

File

Number _____

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

1006 B West Tower PSE Centre Exchange Rd. Ortigas Center Pasig City
(Company'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, 2022
Period Ended Date

(Secondary License Type and File Number)

COVER SHEET

							4	2	0	2	0
--	--	--	--	--	--	--	---	---	---	---	---

SEC Registration Number

[illegible]

(Company's Full Name)

[illegible][illegible]

Ronald Ian W. Ching

(Contract Person)

(02) 8636-6686

(Company Telephone Number)

1	2	3	1
---	---	---	---

Month

Day

1	7	-	Q	
---	---	---	---	--

(Form Type)
For the Quarter
ended 30 June
2021

0	9	1	5
---	---	---	---

Month

Day

(Annual Meeting)

Securities registered pursuant to
Sections 8 and 12 of the SRC or
Sections 4 and 8 of the RSA

(Secondary License Type, If Applicable)

MSRD

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

25

Total No. of Stockholders

Total Amount of Borrowings

[illegible]

Domestic

of something

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

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, 2022**
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
Common Stock, P1.00 par value	193, 544, 176

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

Yes [**X**] 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 [**X**] 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. for the two quarters ended June 30, 2022 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 2022 and also in the same quarters of 2021. It incurred net loss of 26,075,922 for the first two quarters of 2022, due to the loss on Financial Asset at Fair Value through Profit and Loss ("FAFVPL") and unrealized loss on FAFVPL amounting to 436,300 and 30,396,357 respectively, on dividend income amounting to 5,721,882, and on interest on savings deposit and short-term placement amounting to 121,815. Net Income for the same quarters of 2021 amounted to P13,773,564.

b. Financial Condition

Total assets as of June 30, 2022 and December 31, 2021 amounted to 245,752,412 and 271,989,482, respectively. It has liabilities of 34,312 and 195,460 as of June 30, 2022 and December 31, 2021, respectively.

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

Financial KPI	Formula	Jan-Jun 2022	Jan-Jun 2021
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	7,162.29:1	18801.72:1
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.00014:1	0.000053:1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.00014	1.0005
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	(0.10611)	0.05750
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	(0.10612)	0.05750

The Company 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 Company, including any default or acceleration of an obligation.

The Company is neither affected by seasonality nor cyclical of interim operations.

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

- a. No unusual

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 issuer 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 company 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 Company, including any default or acceleration of an obligation:

- a. None

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

The Company 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 Company to determine its financial soundness:

	June 2022	June 2021
Asset to Equity ratio	1.00014	1.00005
Times-Interest Rate Coverage ratio	0.00	0.00
Book Value per Share	1.26957	1.23755

Formula: $\frac{A}{E}$

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 Company's liquidity, solvency and profitability are considered by the Company 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

There are no reports on SEC Form 17-C filed to the Commission for the second quarter of 2022.

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.**

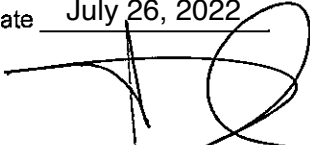
Signature and Title:



ROBINSON W. SIAO

President/Chief Executive Officer

Date July 26, 2022



ROMMEL L. SYTIN

Treasurer

Date July 26, 2022

COVER SHEET

for

UNAUDITED FINANCIAL STATEMENTS

SEC Registration Number

							4	2	0	2	0
--	--	--	--	--	--	--	---	---	---	---	---

COMPANY NAME

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

Form Type

1	7	-	Q
---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A	
---	---	---	--

COMPANY INFORMATION

Company's Email Address

rgvpayos@punolaw.com

Company's Telephone Number/s

(632) 8636-6686

Mobile Number

N/A

No. of Stockholders

25

Annual Meeting (Month / Day)

3rd Thursday of September

Fiscal 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)8636-6686

Mobile Number

0927-8590317

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.

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

	Note	June 2022 (Unaudited)	December 2021 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱53,878,354	54,971,652
Financial Asset at FVPL	5	185,168,500	200,462,250
Receivables	6	5,463,202	15,551,285
Other current assets	7	1,242,356	1,004,295
		P245,752,412	271,989,482
TOTAL ASSETS		P245,752,412	P271,989,482
LIABILITY AND EQUITY			
Current Liability			
Accrued expenses and other payables	8	29,507	₱185,000
Other current liabilities		4,805	10,460
		34,312	195,460
Equity			
Capital stock	9	193,644,204	193,644,204
Additional paid-in capital		51,480,533	51,480,533
Deficit		882,363	26,958,285
Treasury stock	9	(289,000)	(289,000)
Total Equity		245,718,100	271,794,022
		₱245,752,412	₱271,989,482

See accompanying Notes to Financial Statements.

LMG CORP.
(FORMERLY LMG CHEMICALS CORP.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE TWO QUARTERS ENDED JUNE 30, 2022 (UNAUDITED)
(With Comparative Figures for June 30, 2021)

		April to June, 2022	January to June 2022	April to June 2021	January to June 2021
	(notes)				
SALES		-	-		-
COST OF SALES		-	-		-
GROSS PROFIT		-	-		-
GENERAL AND ADMINISTRATIVE EXPENSES	10	(484,165)	(1,086,962)	(854,090)	(₱1,278,063)
REALIZED GAIN (LOSS) ON FAFVPL		(5,700)	(436,300)	725,911	1,274,411
UNREALIZED GAIN (LOSS) ON FAFVPL		(31,749,810)	(30,396,357)	11,851,974	11,215,192
DIVIDINE INCOME		3,139,591	5,721,882	1,426,420	2,373,920
INTEREST INCOME	4	75,723	121,815	98,252	188,104
		(28,540,196)	(24,988,960)	14,102,557	15,051,627
INCOME (LOSS) BEFORE INCOME TAX		(29,024,361)	(26,075,922)	13,248,467	13,773,564
INCOME TAX EXPENSE	12		-		-
NET INCOME (LOSS) AFTER TAX		(29,024,361)	(26,075,922)	13,248,467	13,773,564
OTHER COMPREHENSIVE INCOME (LOSS)			-		-
TOTAL COMPREHENSIVE INCOME (LOSS)		(29,024,361)	(26,075,922)	13,248,467	13,773,564
BASIC/DILUTED INCOME / LOSS PER SHARE	13	(0.150)	(0.135)	0.068	₱0.071

See accompanying Notes to Financial Statements.

LMG CORP.**(FORMERLY LMG CHEMICALS CORP.)****STATEMENTS OF CHANGES IN EQUITY****FOR THE QUARTER ENDED June 30, 2022 (UNAUDITED)****(With Comparative Figures for June 30, 2021)**

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

	Capital Stock	Additional Paid in Capital	Deficit	Treasury	Total
Balance at January 1, 2021	193,644,204	51,480,533	(19,088,115)	(289,000)	225,747,622
Net income / Loss	-	-	13,773,564		13,773,564
Balance at June 30, 2021	193,644,204	51,480,533	(5,314,551)	(289,000)	239,521,186

See accompanying Notes to Financial Statements.

LMG CORP.
(FORMERLY LMG CHEMICALS CORP.)
STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED June 30, 2022 (UNAUDITED)
(With Comparative Figures for June 30, 2021)

	Note	January to June 2022	January to June 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		(P26,075,922)	P13,773,564
Adjustments for:			
Interest income	4, 6	(121,815)	(188,104)
Dividend income		(5,721,882)	(2,373,920)
Unrealized (gain) loss on fair value through profit or loss		30,396,357	(11,215,192)
Operating loss before working capital changes		(1,523,262)	(3,652)
Decrease (increase) in:			
Financial assets at fair value through profit or loss		(15,102,607)	(35,968,558)
Receivable		10,088,083	32,820,679
Other prepayments			(132,507)
Other current assets		(238,061)	(142,683)
Increase (decrease) in:			
Accrued expenses and other payables and other payables		(155,493)	(260,000)
Other current liabilities		(5,655)	2,226
Net cash used for operations		(6,936,995)	(3,684,495)
Interest received		121,815	188,104
Dividend income		5,721,882	2,373,920
CASH FLOWS FROM OPERATING ACTIVITIES		(1,093,298)	(1,122,471)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		54,971,652	86,692,680
CASH AND CASH EQUIVALENTS AT THE OF THE QUARTERS			
		P53,878,354	P85,570,209

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 Chemical Corporation) (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 Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Company 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.

Measurement Basis

The financial statements are presented in Philippine Peso, the Company’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 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 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 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 New and Amended PFRS

Effective beginning January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. 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 components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes 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 amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective beginning January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – 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.
- Amendments to PAS 1 and PFRS Practice Statement 2, *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, Making Materiality Judgements, 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, *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.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Company. 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 on inception, 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 instruments, except for those designated at fair value through profit and loss (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 fair value through profit or loss ("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 June 30, 2022, 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 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, 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. Cash equivalents are highly liquid investments with original maturities of three 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 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 June 30, 2022, 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 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 value.

Impairment of Financial Assets at Amortized Cost. The Company recognizes an allowance for 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 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 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 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 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 Company 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 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 costs, 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 June 30, 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 impaired or through the amortization process.

As at June 30, 2022, and 2021, the Company’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 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 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 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 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 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 Company'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 Company 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 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 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 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 transfer 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 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 Company'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 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 judgment, accounting estimates and assumptions made by the Company:

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 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 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 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;

- 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 risk 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 as of June 30, 2022 and 2021. Allowance for impairment losses on nontrade receivables amounted to P62,912,858 as at June 30, 2022 and 2021 (see Note 6).

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

	Note	June, 2022	December 2021
Cash in banks and cash equivalents	4	₱53,868,354	₱54,961,652
Receivables	6	5,463,202	15,551,285

**Excluding cash on hand amounting to p10,000 as at June 30, 2022 and December 31, 2021.*

Assessment for Impairment of Nonfinancial Assets. The Company 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 Company 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, 2022 and 2021. The carrying amount of other nonfinancial assets amounted to ₱1,242,356 and ₱1,004,295 as at June 30, 2022 and December 31, 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.

4. Cash and Cash Equivalents

This account consists of:

	June 2022 (Unaudited)	December 2021 Audited
Cash on hand	₱ 10,000	₱10,000
Cash in banks	595,163	638,782
Short-term placements	53,273,191	54,322,870
	₱53,878,354	₱54,971,652

Cash in banks earn interest at prevailing bank deposit rates and are immediately 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 interest ranging from .50% to .875% per annum.

Details of interest income are as follows:

	June 2022 Unaudited	December 2021 Audited
Short-term placements	₱121,708	325,851
Cash in banks	107	944
	₱121,815	₱326,795

5. Financial Asset at Fair Value Through Profit or Loss

Financial assets at FVPL represent listed equity securities held by the Company for trading purposes amounting to P185,168,500 and P200,462,250 as at June 30, 2022 and December 31, 2021.

Dividend income earned from financial assets at FVPL amounted to P5,721,882 and 2,373,920 for the two quarters ending June 30, 2022, and June 30, 2021 respectively.

Trading gains on financial assets at FVPL consists of:

	June 2022 Unaudited	June 2021 Unaudited
Unrealized gain on valuation of financial assets at FVPL	(₱30,396,357)	₱11,215,192
Realized gains (loss) on sale of trading securities	(436,300)	1,274,411
	(₱30,832,657)	₱12,489,603

The Company's financial assets at FVPL as at June 30, 2022 and December 31, 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.

6. Receivables

This account consists of:

	June 2022 Unaudited	December 2021 Audited
Nontrade receivables	₱62,912,858	₱62,912,858
Advances to stockbroker	5,445,593	15,505,061
Interest receivable	17,609	46,224
	68,376,060	78,464,143
Less allowance for impairment losses on receivables	(62,912,858)	(62,912,858)
	₱5,463,202	₱15,551,285

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

Advances to stockbroker pertain to funds issued by the Company 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 P62,912,858 as at June 30, 2022 and December 31, 2021. No provision for impairment losses on receivables was recognized as of June 30, 2022 and 2021.

7. Other Current Assets

This account consists of:

	June 2022 (Unaudited)	December 2021 (Audited)
Input VAT	₱1,526,491	₱1,410,458
Prepayments	125,000	5,942
Others	12,970	10,000
	1,664,461	1,426,400
Less allowance for impairment losses	(422,105)	(422,105)
	₱1,242,356	₱1,004,295

The balance and movement of additional impairment loss on other current assets are as follows for June 30, 2022 and 2021.

	June 2022 (Unaudited)	December 2021 (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 2022 (Unaudited)	December 2021 (Audited)
Accrued expenses	₱29,507	₱185,000
Others	4,805	10,460
	34,312	195,460

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

9. Equity

Capital Stock

Details of the Company's capital stock at ₱1 par value as at June 30, 2022 and 2021 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 peso to ten (10) centavos per share. As at June 30, 2022, 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 par value per share as at June 30, 2022 and December 31, 2021.

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 June 30, 2022 and December 31, 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 as of June 30, 2022.

10. General and Administrative Expenses

This account consists of:

	January to June 2022	January to June 2021
Professional fees	₱662,333	₱617,000
Taxes and licenses	246,976	229,387
Commission	119,815	248,026
Stock Transaction fees	15,432	31,946
Others	42,406	151,704
	₱1,086,962	₱1,278,063

11. Related Party Transactions

In the normal course of business, the Company has transactions with its related party. The table below summarizes the related party transactions of the Company as at March 31, 2022.

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount of Transactions</u>	<u>Outstanding Balance</u>
Receivables			
Entity under common key management	Advances for stock broker	P0	P5,445,593
	Commission expense	119,815	—

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, 2022.

Compensation of Key Management Personnel

Key management personnel of the Company are also members of its BOD. No compensation was provided by the Company to key management personnel as of June 30, 2022 and in 2021.

12. Income Taxes

The Company has no current income tax expense for the first two quarters of 2022 and for the year 2021. 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 Company's stockholders is computed as follows:

	June 2022	June 2021
Net income (loss) (a)	(₱26,075,922)	₱13,773,564

Weighted average number of shares

outstanding (b):		
Issued	193,644,204	193,644,204
Held in treasury	(100,028)	(100,028)
	193,544,176	193,544,176
Income (loss) per share from operations (a/b)	(₱0.135)	₱0.071

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.

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 June 30, 2022, equity instrument that is subject to equity price risk includes quoted financial assets at FVPL amounting to P185,168,500.

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its 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 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 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 borrower.

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 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:

	June, 2022		Total
	06--month ECL	Lifetime ECL - credit impaired	
Cash in banks and short-term placements	₱53,868,354	₱—	₱53,868,354
Receivables	5,463,202	62,912,858	68,376,060
	59,331,556	₱62,912,858	₱122,244,414

	December 2021		Total
	12-month ECL	Lifetime ECL - credit impaired	
Cash in banks and short-term placements	₱54,961,652	₱—	54,961,652
Receivables	15,551,285	62,912,858	78,464,143
	₱70,512,937	₱62,912,858	₱133,425,795

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 June 30, 2022 and December 31, 2021 amounting to ₱29,507 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 measure at fair value and the corresponding fair value hierarchy

	June 2022 (Unaudited)	December 2021 (Audited)
Asset Measured at Fair Value		
Financial assets at FVPL	185,168,500	200,462,250

The Company's financial assets at FVPL as at June 30, 2022 and December 31, 2021 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 Company whose amounts approximate its fair value due to their short-term nature or whose fair value cannot be reliably measured as at June 30, 2022 and December 31, 2021.

	June 2022 (Unaudited)	December 2021 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents	₱53,878,354	₱54,971,652
Receivables	5,463,202	15,551,285
	₱59,341,556	₱70,522,937
Financial Liability		
Financial liability at amortized cost -		
Accrued expenses and other payables*	₱29,507	₱185,000

*Excluding statutory payables amounting to ₱4,805 and ₱10,460 as at June 30, 2022 and December 31, 2021

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

Output Value-Added Tax (VAT)

The Company does not have revenues subjected to output VAT for the two quarters ending June, 30, 2022.

Input VAT

The movement in the input VAT paid by the Company for the two quarters ending June 30, 2022 is shown below:

Beginning balance	1,410,458
Domestic purchases/payments for the quarters	
Ending June 30, 2022	116,033
	1,526,491

Tax Assessments

The Company has no pending deficiency tax assessment from the BIR as at June 30, 2022.

Tax Cases

The Company has no pending tax case in courts or other regulatory bodies outside of the BIR as at June 30, 2022

LMG CORP.
(FORMERLY LMG CHEMICALS CORPORATION)

AGING OF ACCOUNTS RECEIVABLE TRADE
AS OF JUNE 30, 2022

Customer	Total Amount	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-180 days
over 180 days							
None		5,463,202	0	0	0	0	0

Notes : Other receivables consists of Interest from BDO amounting to P17,609 and the balance on stock investment trading account with Value quest Securities Corp amounting to P5,445,593.

LMG CORP.
(Formerly LMG Chemicals Corporation)

SCHEDULE A
FINANCIAL ASSETS
June 30, 2022

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
Cash equivalents:			
Banco de Oro	₱53,273,191	₱53,273,191	₱121,708
Cash in banks:			
Banco de Oro	453,427	453,427	81
Metropolitan Bank and Trust Company	141,736	141,736	26
	595,163	595,163	107
Stock Investment at FVPL	185,168,500	185,168,500	0
TOTAL	₱239,036,854	₱239,036,854	₱121,815

LMG CORP.
(Formerly LMG Chemicals Corporation)

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
June 30, 2022

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	15,505,061	10,059,468	None	None	5,445,593	None	5,445,593

LMG CORP.

(Formerly LMG Chemicals Corporation)

SCHEDULE C
AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
June 30, 2022

[illegible]

LMG CORP.

(Formerly LMG Chemicals Corporation)

SCHEDULE D INTANGIBLE ASSETS - OTHER ASSETS June 30, 2022

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes, additions (deductions)	Ending Balance
None	None	None	None	None	None	None

LMG CORP.

(Formerly LMG Chemicals Corporation)

SCHEDULE E LONG-TERM DEBT June 30, 2022

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 Corporation)

SCHEDULE F
INDEBTEDNESS TO RELATED PARTIES
June 30, 2022

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

LMG CORP.

(Formerly LMG Chemicals Corporation)

SCHEDULE G GUARANTEES OF SECURITIES AND OTHER ISSUERS June 30, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount 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 Corporation)

SCHEDULE H CAPITAL STOCK June 30, 2022

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	—	—	128,933,466	64,610,710

LMG CORP.

(Formerly LMG Chemicals Corporation)

**SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION OF THE COMPANY
June 30, 2022**

Deficit, as adjusted, beginning		(₱28,647,783)
Add: Net income actually earned/realized during the year		
Net loss based on the face of unaudited financial statements	(26,075,922)₱	
Less: Unrealized loss on valuation of financial assets at FVPL	30,396,357	4,320,435
Deficit, as adjusted, ending		(24,327,348)

**SUMMARY OF THE MINUTES OF THE LAST ANNUAL STOCKHOLDERS’ MEETING
HELD ON SEPTEMBER 16, 2021 AND DULY DISCLOSED TO THE SECURITIES AND
EXCHANGE COMMISSION**

LMG Corp. (the “Corporation” formerly known as LMG Chemicals Corp.) held its annual stockholders’ meeting on September 16, 2021 via remote communication (Zoom Videoconference) at 9:30 am. Stockholders representing 146,594,464 common shares of the Corporation’s outstanding capital stock, constituting approximately 75.74% of the Corporation’s total outstanding capital stock were present in person or by proxy in this annual stockholders’ meeting.

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 17, 2020;
2. The 2020 Audited Financial Statements;
3. Approval and ratification of all acts and resolutions of the Board of Directors and Management of the Corporation;
4. Amendment of the Articles of Incorporation to reflect the change in the par value of the shares of stock from One Peso (Php1.00) to Ten Centavos (Php0.10);
5. Election of Directors. The following were elected:

As regular directors:

- a) Rommel L. Sytin
- b) Robinson W. Siao
- c) Ann Marietta L. Sytin
- 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

6. Appointment of External Auditor: Reyes Tacandong & Co.; and
7. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of June 30, 2021.

SUMMARY OF THE RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS*1. Organizational Meeting of the Board of Directors held on September 16, 2021*

The Board of Directors of LMG Corp. (the “Corporation”) held its organizational meeting on September 16, 2021 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 2021-2022 to serve as such until their successors shall have been duly elected and qualified.

Name	Position
Rommel L. Sytin	Chairman of the Board / Corporate Treasurer / Chief Risk Officer
Robinson W. Siao	Vice-Chairman of the Board / President and Chief Executive Officer
Eduardo G. Castelo	Corporate Secretary
Ranulfo Gerardo V. Payos, Jr.	Assistant Corporate Secretary
Ronald Ian W. Ching	Compliance Officer

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:

Position	Name
Chairman of the Audit Committee	Sixto S. Esquivias IV
Member	Constantino L. Navarro III
Member	Wilbert S. Cua

Thereafter, the Board of Directors re-appointed 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:

Position	Name
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:

Position	Name
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:

Position	Name
Chairman of the Related Party Transaction Committee	Sixto S. Esquivias IV
Member	Regis V. Puno
Member	Wilbert S. Cua

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:

Position	Name
Chairman of the Investment Committee	Robinson W. Siao
Member	Rommel L. Sytin
Member	Rafael L. Andrada
Member	Wilbert S. Cua

The Board of Directors adopted the policy in relation to the Company’s continuous compliance with the Integrated Annual Corporate Governance Report. Upon motion duly made and seconded, the following resolutions were unanimously approved.

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 15, 2022*

The Board of Directors of LMG Corp. (the “Corporation”) held its special meeting on March 15, 2022 via teleconference.

During the meeting and upon review, the Board of Directors approved the 2021 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 2021 (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.

The Board of Directors also approved and accepted the resignation of Mr. Eduardo G. Castelo as Corporate Secretary and of Mr. Ranulfo Gerardo V. Payos, Jr. as Assistant Corporate Secretary, effective immediately. Consequently, the Board of Directors opened the floor for the nomination of a new Corporate Secretary and Assistant Corporate Secretary. Upon motion duly made and seconded, the Board, while consisting of a quorum, unanimously elected Mr. Ranulfo Gerardo V. Payos, Jr. as Corporate Secretary and Mr. Eduardo G. Castelo as Assistant Corporate Secretary, effective immediately.

Thereafter, the Board of Directors approved the change of the authorized signatories to the Corporation’s bank account with BDO Unibank, Inc. Upon motion duly made and seconded, the following resolutions were unanimously approved and adopted:

RESOLVED, as it is hereby resolved, that the Board of Directors of LMG CORP. (the “Corporation”) shall transact with **BDO Unibank, Inc.**, or any of its branches, its subsidiaries, and affiliates such as **BDO Leasing and Finance, Inc. (BDOLFI)**, **BDO Rental, Inc. (BDORI)**, **BDO Capital & Investments Corporation and BDO Private Bank, Inc. (BDOPBI)** [singularly or collectively referred to as the “the Bank”] for the obtainment of loan facilities and availment of banking products and services;

RESOLVED, FURTHER, as it is hereby resolved, that in this regard, the Corporation shall be authorized to do the following:

1. **OPEN AND MAINTAIN DEPOSITARY ACCOUNTS.** To open, maintain and manage in the name of the Corporation, any number of peso or foreign currency savings / current / time and other accounts with the Bank (“Depository Accounts”), and in this regard, it may:
 - 1a. Deposit to and withdraw from the Depository Accounts, in whatever form and manner, and in such amount as the Corporation may deem appropriate or necessary;
 - 1b. Transfer funds from the Depository Accounts to other corporate, partnership, cooperative and/or individual accounts being maintained with the Bank and other banks;
 - 1c. Perform balance inquiries and bills payment;
 - 1d. Close the Depository Account and ask, demand, sue for, collect, and receive the proceeds of the Depository Account in the name of the Corporation;

- 1e. Receive, accept, endorse and negotiate all checks, drafts, or orders of payment payable to the Corporation or its order which may require the corporation's endorsement;
 - 1f. Request for issuance of certificate of bank deposits/placements in favor of various institutions, both government and/or private, relative to the Corporation's accounts and authorizing the Bank to disclose any and all information relative thereto as requested by the addressee institution. For the foregoing purposes, the Corporation hereby waives its rights in favor of the Bank under Republic Act No. 1405 (The Bank Secrecy Act of 1955) as amended, Section 55 of Republic Act No. 8791 (The General Banking Law of 2000), as amended, Republic Act No. 6426 (Foreign Currency Deposit Act of the Philippines of 1974), as amended, and other laws/regulations, including all subsequent amendments or supplements thereto, relative to the confidentiality of secrecy of banks deposits/accounts, placements, investments and similar or related assets in the custody of the Bank. The Corporation shall hold the Bank, its directors, officers, employees, representatives and agents, free and harmless from any liability arising from its exercise of its remedies and authorities hereunder, or from any action taken by it on the basis of and within the framework of the foregoing authority;
 - 1g. Consent to or allow the (a) enrollment, use, and aggregation of the Corporation's Depository Accounts with the Bank for purposes of compliance by the Corporation, its parent company, subsidiaries and/or affiliates, as may be identified by the Corporation, with any average daily balance requirement (ADB) of the Bank; and (b) enrollment and use of the Corporation's Depository Accounts with the Bank to serve as debit account/s to fund the needs/requirements of the Corporation, its parent company, subsidiaries, and/or affiliates, as may be identified by the Corporation, subject to existing policies of the Bank thereon;
2. **OPEN AND MAINTAIN CORPORATE CARD ACCOUNT.** To apply, establish, maintain and manage in the name of the Corporation, any number of corporate card account of any card brand / product offered by the Bank, including but not limited to Purchasing, Distribution and Fleet Card, with the Bank or any of its branches (hereinafter to be referred to as "Corporate Card Accounts"), and in this regard, it may:
- 2a. Authorize the Bank to issue corporate cards from said Corporate Card Accounts to the Corporation's qualified officers or employees ("Assignees");
 - 2b. Fully pay and settle any and all purchases made and/or expenses incurred by said Assignees through the use of the issued Corporate Cards, including interest and service charges that may accrue thereto, through any means, including the enrollment and use of the Corporation's Depository Accounts under automatic debit arrangement, if applicable;
3. **AVAIL OF PRODUCTS AND SERVICES.** To apply for, avail, and/or register for any and all products and services offered by the Bank, including but not limited to:
- 3a. Product and services offered by the Bank's **Consumer Lending Group – Credit Card Unit** such as merchant affiliation to honor and accept credit cards and/or ATM / debit cards, mobile wallets and/or other types of cards and/or payment transactions that will pass through the Bank's Point-of-Sale (POS) terminals and/or for internet transactions and/or other payment platforms.

- 3b. Products and services offered by the Bank's **Transaction Banking Group**, such as integrated disbursement services (IDS), payment collection services, payroll services, cash card services, electronic banking services, Business Online Banking (BOB) services, collection and disbursement services, liquidity management, account services, remittance products and services, cash management services, retail products, and such other existing and future products and services and in this regard, it may:
- i. Enroll, dis-enroll, re-enroll the following:
 - Depository Account/s in and from BOB;
 - Corporation System Administrator authorized to do and perform acts allowed under the Bank's terms and conditions governing;
 - Merchant/subscriber and/or third party accounts in BOB for bills/other payment purposes;
 - ii. Enroll, dis-enroll, re-enroll and designate the respective roles, access rights and authorized acts and transactions of users in BOB Facility (maker, approver, and/or verifier) with respect to the enrolled Depository Account/s as may be allowed under the Bank's terms and conditions governing.
- 3c. Products and services offered by the Bank's **Trust and Investments Group** and in this regard, it may:
- i. Open and maintain trust (including unit investment trust funds), investment management, custodianship and other fiduciary accounts, as well as other trust banking products;
 - ii. Open and maintain trust or investment management accounts for retirements funds of its employees;
 - iii. Appoint the Bank as trustee, investment manager, agent, custodian, and/or fiduciary.
- 3d. Products and services offered by **BDO Capital & Investments Corporation** and in this regard, it may:
- i. Purchase and sell securities, as well as to invest in and other money market instruments and products such as but not limited to, government securities and corporate papers including those issued by BDO;
 - ii. Appoint authorized trader/s of the Corporation to deal with BDO Capital & Investments Corporation, as well as execute, deliver and perform any and all agreements, instruments, contracts, documents as may be necessary to effect the foregoing transactions.
- 3e. Products and services offered by the Bank's **Treasury Group** and in this regard, it may:
- i. Purchase, sell and invest in debt securities and other money market instruments and products such as but not limited to, government securities and corporate papers including those issued by the Bank and to execute, deliver and perform any and all agreements, instruments, documents as may be necessary to effect such transactions;
 - ii. Enter into foreign exchange dealings as well as derivative transactions and contracts with the Bank such as buying and selling of foreign exchange, under spot, swaps, options, and forwards transactions;
 - iii. Allow the authorized representative/signatories of the Corporation to appoint authorized trader/s of the Corporation to deal with the Bank in relation to the foregoing transactions.

For the purpose of investments or dealings in or purchase/sale of securities or other documents of title, to appoint the Bank and/or its subsidiaries as the Corporation's true and lawful attorney, to act for its name and in its behalf in transacting business directly or indirectly with the appropriate government securities registry/custodian,

a BSP accredited securities custodian/securities registry or a Securities and Exchange Commission (SEC) authorized central securities depository in accordance with the relevant BSP or SEC regulations, to do and perform every act necessary that the Corporation might or could do in reference to any and all corporate and government bonds, bills of exchange, certificates of deposits, convertible bonds, debentures, promissory notes, shares of stocks, certificates of participation in any fund, and such other commercial paper, documents, and instruments of any kind or nature.

4. **AVAIL OF CREDIT AND LEASE FACILITIES.** To apply for, negotiate and obtain loans, credit and/or lease accommodations or facilities, such as letters of credit, trust receipts, bills purchases, foreign exchange settlement lines from time to time in amounts which may be required by the Corporation, which authority shall include extensions, renewals, re-availments, increases, excess / over-availments, roll-overs, restructurings, novations, amendments or conversions into other credit form or type, and in this regard, it may:
- 4a. Execute, sign and deliver from time to time the relevant loan, lease agreements, promissory note/s, disclosure statements, lease schedules, trust receipts and any and all other documents pertinent and necessary to implement the accommodations / facilities referred hereto;
 - 4b. Lease from and/or sell to BDOLFI and/or BDORI real and/or personal property (such as motor vehicle/s, vessel, aircraft, equipment and/or machinery) including availment of BDOLFI and BDORI facilities such as Installment Paper Purchase, factoring, floor stock financing, assignment of trade receivables and sale-and-lease back transactions.
5. **AVAILABILITY OF CREDIT FACILITY/IES TO CO-USER/S.** To allow the individual/s, subsidiary/ies, affiliate/s, entity/ies as indicated in any and all contracts, instruments, documents or writings relative to the credit facilities executed, signed, delivered by the Corporation to the Bank to share / use / avail / earmark against its credit facility/ies with the Bank.
6. **MORTGAGE, PLEDGE, ASSIGN CORPORATION PROPERTY.** To mortgage, pledge, assign or otherwise encumber properties of the Corporation, whether real or personal, as collaterals for credit accommodations extended by the Bank.
7. **APPOINT AND CONSTITUTE ATTORNEY-IN-FACT.** The Corporation appoints and constitutes the Bank as its attorney-in-fact, with full powers of substitution, to register the lease, sale, mortgage, pledge, assignment and/or encumbrance as well cancellation thereof, including the payment of any taxes such as but not limited to capital gains, creditable withholding tax(es), documentary stamp taxes, to receive the Certificate Authorizing Registration (CAR), transfer and/or reclassification of the necessary tax declaration(s), to file and request for the conversion of non-PHILARIS manually issued title over the mortgaged property(ies) to electronic PHILARIS title with any and all appropriate government offices / agencies; The power of attorney given by the Corporation is coupled with interest and is irrevocable until all obligations secured by the aforementioned properties of the Corporation are fully paid to the entire satisfaction of the Bank.

RESOLVED, FURTHER, that any two of the following officers of the Corporation, with one signatory from Set A and the other from Set B:

NAME	POSITION / TITLE
------	------------------

Set A	
Mr. Rommel L. Sytin	Chairman of the Board of Directors/Treasurer/Chief Risk Officer
Mr. Kenneth L. Sytin	Stockholder
Set B	
Robinson W. Siao	Vice Chairman of the Board of Directors / President / Chief Operating Officer
Ann Marietta L. Sytin	Director

shall be authorized on behalf of the Corporation to enter into the above-specified arrangements with the Bank under such terms and conditions as the said individuals may deem necessary and to accordingly execute, sign, deliver and/or perform any and all contracts, instruments, documents or writings with or to the Bank that may be necessary for the implementation of the foregoing transactions. Provided, further, that the aforementioned officers are hereby authorized with full powers of substitution, to receive, for and on behalf of the Corporation any and all of the mortgaged / pledged / assigned and / encumbered property/ies of the Corporation upon full payment to the entire satisfaction of the Bank of the obligations secured thereby.

RESOLVED, that all transactions, warranties, representations, covenants, dealing and agreements by the Corporation through the above named individuals with the Bank prior to the approval of this Resolution are all hereby approved, confirmed and ratified to be the valid and binding acts, representation, warranties and covenants of the Corporation as they may lawfully do or cause to be done by virtue of authorities given to them.

RESOLVED, FINALLY, that the foregoing Resolutions shall remain valid and subsisting unless otherwise revoked or amended in writing by the Corporation and duly served on the Bank.”

3. *Special Meeting of the Board of Directors held on July 25, 2022*

The Board of Directors of LMG Corp. (the “Corporation”) held its special meeting on July 25, 2022 via videoconference.

During the meeting and upon review, the Board of Directors approved the Second Quarter Results. 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”) approves and confirms the Second Quarter Results;

RESOLVED, FINALLY, 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 Second Quarter Results, 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.

The Board also approved the proposed amendments to the Articles of Incorporation. 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”) approves, as it hereby approves, the change in the principal address of the Corporation from 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City to Unit 1915, PSE Tower, 5th Avenue corner 28th Street Bonifacio Global City, Taguig City. The amendment of the Third Article of the Amended Articles of Incorporation shall read as follows:

THIRD: That the principal office of the Corporation shall be at Unit 1915, PSE Tower, 5th Avenue corner 28th Street Bonifacio Global City, Taguig City, Philippines.

RESOLVED, FINALLY, that the Board of Directors of the Corporation will present and obtain the approval for the amendment to the Articles of Incorporation in the next annual stockholders’ meeting.

Thereafter, the Board approved the proposed amendments to the By-Laws. Upon motion duly made and seconded, the following resolutions were unanimously approved:

RESOLVED, that the Board of Directors of LMG CORP. (the “Corporation”) approves, as it hereby approves, the following changes to following Articles of the Amended By-Laws of the Corporation:

Article and Section Nos.	From	To
Article I, Section 1	CERTIFICATE OF STOCK shall be issued to each holder of fully paid stock in numerical order from the stock certificates book, and shall be signed by the President and by the Secretary and sealed by the Secretary with the corporate seal. A record of each certificate issued shall be kept on the stub thereof and upon the stock register of the company.	CERTIFICATE OF STOCK shall be issued to each holder of fully paid stock in numerical order from the stock certificates book, and shall be signed by the President and by the Secretary and sealed by the Secretary with the corporate seal. A record of each certificate issued shall be kept on the stub thereof and upon the stock register of the <u>Corporation</u> .
Article I, Section 2	TRANSFER OF STOCK shall be made by endorsement of the certificate and delivery thereof, but shall not be effective and binding so far as the company is concerned until duly registered upon the books of the company, and before a new certificate is issued, the old certificate must be entered for cancellation and cancelled upon the face thereof. The stock books of the company shall be closed for transfer during five days next preceding general election and during five days next preceding the date upon which dividends are declared payable and during each additional time as the Board of Directors may from time to time determine.	TRANSFER OF STOCK shall be made by endorsement of the certificate and delivery thereof, but shall not be effective and binding so far as the <u>Corporation</u> is concerned until duly registered upon the books of the <u>Corporation</u> , and before a new certificate is issued, the old certificate must be entered for cancellation and cancelled upon the face thereof. The stock books of the <u>Corporation</u> shall be closed for transfer during <u>five (5)</u> days next preceding general election and during <u>five (5)</u> days next preceding the date upon which dividends are declared payable and during each additional time as the Board of Directors may from time to time determine.

Article I, Section 3	THE UNISSUED STOCK of the company shall be offered for sale and sold in such quantities and at such times as the Board of Directors of the company may from time to time determine, and shall be sold upon such terms and for such prices (not less than par) as may be fixed in the resolutions directing such sales	THE UNISSUED STOCK of the <u>Corporation</u> shall be offered for sale and sold in such quantities and at such times as the Board of Directors of the <u>Corporation</u> may from time to time determine, and shall be sold upon such terms and for such prices (not less than par) as may be fixed in the resolutions directing such sales.
Article I, Section 4	TREASURY STOCK of the company shall consist of such unissued and outstanding stock of the company as may be donated to the company or otherwise acquired by it, and shall be held subject to disposal by the Board of Directors or the stockholders, as the case may be. Such stock shall neither vote nor participate in dividends while held by the company.	TREASURY STOCK of the <u>Corporation</u> shall consist of such unissued and outstanding stock of the <u>Corporation</u> as may be donated to the <u>Corporation</u> or otherwise acquired by it, and shall be held subject to disposal by the Board of Directors or the stockholders, as the case may be. Such stock shall neither vote nor participate in dividends while held by the <u>Corporation</u> .
Article I, Section 5	LOSS OR DESTRUCTION OF CERTIFICATES The Board of Directors may be direct a new certificate or certificates of stock to be issued in place of any certificate of certificates theretofore issued and alleged to have been lost or destroyed in the manner provided by law.	LOSS OR DESTRUCTION OF CERTIFICATES. The Board of Directors <u>may direct that</u> a new certificate or certificates of stock to be issued in place of any certificate <u>or</u> certificates theretofore issued and alleged to have been lost or destroyed in the manner provided by law.
Article I, Section 6	SUBSCRIPTION RIGHT ON INCREASE OF STOCK. Should the capital of the company at any time be increased, such increase shall first be offered to, and may be subscribed by, the existing stockholders in proportion to their present shareholdings at a price to be determined by the board provided that it shall be not less than par value.	<u>DENIAL OF PRE-EMPTIVE RIGHT.</u> <u>All shares of the Corporation shall have no pre-emptive right to purchase or subscribe to any issuance of shares of stock of the Corporation of any class and/or series now or hereafter authorized, or reissued from treasury.</u>
Article I, Section 7	TIME FOR PAYMENT OF SUBSCRIPTION OF STOCK. Subscription to capital stock must be paid to the Treasurer at such time or times, and in such installments as the Board of Directors may, by resolution, require.	TIME FOR PAYMENT OF <u>SUBSCRIPTION</u> OF STOCK. Subscription to capital stock must be paid to the Treasurer at such time or times, and in such installments as the Board of Directors may, by resolution, require.
Article II, Section 1	ANNUAL MEETING of the stockholders of this company shall be held at the principal office of the company at Makati, Metro Manila, Philippines at the 3 rd Thursday of September of each year, if a legal holiday, and if a legal holiday, then on the next regular day following.	ANNUAL MEETING of the stockholders of this <u>Corporation</u> shall be held at the principal office of the Corporation at <u>Unit 1915, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City</u> on the 3 rd Thursday of September of

		each year, <u>and if a legal holiday</u> , then on the next regular day following.
Article II, Section 2	SPECIAL MEETINGS of the stockholders may be called at the principal office of the company at any time by resolution of the Board of Directors or by order of the President and must be called upon the writing request of stockholders registered as the owner of one third of the total outstanding stock.	SPECIAL MEETINGS of the stockholders may be called at the principal office of the <u>Corporation</u> at any time by resolution of the Board of Directors <u>or</u> by order of the President <u>or by the written request of stockholders registered as the owner of at least ten percent (10%) or more of the outstanding capital stock of the Corporation.</u>
Article II, Section 3	NOTICE OF MEETINGS, written or printed for every regular or special meeting of the stockholders shall be prepared and mailed or personally served to the registered post office address of each stockholder not less than five days prior to the date set for such meeting, and if for a special meeting, such notice shall state the object or objects of the same. <u>No failure or irregularity of notice of any regular or special meeting invalidate such meeting or any proceeding thereat, and no failure of notice of any meeting at which all of the shareholders are present or represented voting without protest, shall invalidate such meeting or any proceeding thereat.</u> No publication of notice of meeting in the public newspaper shall be required.	NOTICE OF MEETINGS, written <u>or</u> printed for every regular or special meeting of the stockholders shall be prepared and mailed or personally served to the registered post office address of each stockholder not less than <u>twenty-one (21) days</u> prior to the date set for such meeting, and if for a special meeting, such notice shall state the object or objects of the same. <u>No failure of notice of any meeting at which all of the shareholders are present or represented and voting without protest, shall invalidate such meeting or any proceeding thereat.</u> No publication of notice of meeting in the public newspaper shall be required.
Article II, Section 4	QUORUM AT ANY MEETING of the stockholders shall consist of a majority of the outstanding capital stock of the company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several matters in which the laws of the Philippines requires the affirmative vote of a greater proportion.	QUORUM AT ANY MEETING of the stockholders shall consist of a majority of the outstanding capital stock of the <u>Corporation</u> represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several matters in which the laws of the Philippines <u>require</u> the affirmative vote of a greater proportion.
Article III, Section 1	THE BUSINESS AND PROPERTY of the corporation shall be managed by a Board of Directors who shall be stockholders and who shall be elected annually by the stockholders for the term of one year and shall serve until the election and acceptance of their duly qualified successors. Vacancies in the Board may be filled up in accordance with	THE BUSINESS AND PROPERTY of the <u>Corporation</u> shall be managed by a Board of Directors who shall be stockholders and who shall be elected annually by the stockholders for the term of <u>one (1)</u> year and shall serve until the election and acceptance of their duly qualified successors. Vacancies in the Board may be filled up in accordance with

	the procedures provided for by relevant laws.	the procedures provided for by relevant laws.
Article III, Section 2	THE ORGANIZATIONAL MEETING of the Board of Directors shall be held without notice at the principal office of the company or at such other places in the City of Manila as a majority of the Directors may designate immediately after the annual meeting of the stockholders of the company.	THE ORGANIZATIONAL MEETING of the Board of Directors shall be held without notice at the principal office of the <u>Corporation</u> or at such other places in the City of <u>Taguig</u> as a majority of the Directors may designate immediately after the annual meeting of the stockholders of the <u>Corporation</u> .
Article III, Section 3	SPECIAL MEETINGS of the Board of Directors shall be held in the principal office of the company or at such other places in the City of Manila as may be designated in the call, and may be called by the President at any time or by any three (3) members of the Board, or such special meetings may be held <u>at any time and place without notice by the unanimous consent</u> of all members of the Board who are then present within the Philippines, or with the presence and participation of all members of the Board who are then present in the Philippines.	SPECIAL MEETINGS of the Board of Directors shall be held in the principal office of the <u>Corporation</u> or at such other places in the City of <u>Taguig</u> as may be designated in the call, and may be called by the President at any time or by any three (3) members of the Board, or such special meetings may be held <u>at any time and place by the unanimous written consent</u> of all members of the Board who are then present within the Philippines, or with the presence and participation of all members of the Board who are then present in the Philippines.
Article III, Section 4	NOTICE OF SPECIAL MEETINGS shall be given by the Secretary to each members of the Board not less than one (1) day before any such meeting. No publication of the notice of any meeting in the public newspaper shall be required.	NOTICE OF SPECIAL MEETINGS shall be given by the Secretary to each <u>member</u> of the Board not less than <u>two (2) days</u> before any such meeting. No publication of the notice of any meeting in the public newspaper shall be required.
Article III, Section 5	QUORUM - A quorum at any meeting of the Directors shall consists of a majority of the entire membership of the Board as fixed in the Articles of Incorporation. A majority of such quorum shall decide any question that any matters in which the laws of the Philippines may require the affirmative vote of a greater prop01tion of the members except for the election of officers which shall require the vote of a majority of all members of the Board.	QUORUM. A quorum at any meeting of the Directors shall <u>consist</u> of a majority of the entire membership of the Board as fixed in the Articles of Incorporation. A majority of such quorum shall decide any question that any matters in which the laws of the Philippines may require the affirmative vote of a greater <u>proportion</u> of the members except for the election of officers which shall require the vote of a majority of all members of the Board.
Article III, Section 6	OFFICERS OF THE COMPANY, as provided by the By-Laws shall be elected by the Board of Directors at their first meeting after election of Directors. If any office becomes vacant during the year the Board of Directors shall fill the same for the unexpired term. The Board of	OFFICERS OF THE <u>CORPORATION</u> , as provided by the By-Laws shall be elected by the Board of Directors at their first meeting after election of Directors. If any office becomes vacant during the year the Board of Directors shall fill the same for the unexpired term. The Board of

	Directors shall fix the compensation of the officers and agents of the company.	Directors shall fix the compensation of the officers and agents of the <u>Corporation</u> .
Article III, Section 9	PER DIEM. By resolutions of the Board, each director shall receive reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount not more than 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 Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock.	PER DIEM. By resolutions of the <u>Board of Directors</u>, each director shall receive reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount not more than <u>ten percent (10%)</u> of the net income before income tax of the corporation which shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock.
Article IV, Section 1	THE ELECTIVE OFFICERS of the Corporation shall normally consist of a Chairman of the Board, a Vice-Chairman, a President, a Corporate Treasurer and a Corporate Secretary. <u>The Corporate Treasurer and Corporate Secretary may or may not be members of the Board pursuant to Sec. 25 of the Corporation Code.</u>	THE ELECTIVE OFFICERS of the Corporation shall normally consist of a Chairman of the Board, a Vice-Chairman, a President, a Corporate Treasurer and a Corporate Secretary. <u>The Corporate Treasurer and Corporate Secretary may or may not be members of the Board.</u>
Article IV, Section 4	THE PRESIDENT shall be the Chief Executive Officer of the company. He shall have the general supervision of the day-to-day operations of the Corporation. He shall have the following roles and responsibilities: - Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of business; - Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same; - Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan; - Directs, evaluates and guides the work of the key officers of the Corporation; - Manages the Corporation's resources prudently and ensures a proper balance of the same;	THE PRESIDENT shall be the Chief Executive Officer of the <u>Corporation</u>. He shall have the general supervision of the day-to-day operations of the Corporation. He shall have the following roles and responsibilities: - Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of business; - Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same; - Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan; - Directs, evaluates and guides the work of the key officers of the Corporation; - Manages the Corporation's resources prudently and ensures a proper balance of the same; - Builds the corporate culture and

	f. Builds the corporate culture and motivates the employees of the Corporation; and g. Perform such other duties as the Board of Directors may from time to time assign to him.	motivates the employees of the Corporation; and g. Performs such other duties as the Board of Directors may from time to time assign to him.
Article IV, Section 5	CORPORATE SECRETARY. The Corporate Secretary who must be Filipino citizen and resident of the Philippines shall perform the functions provided by law. He shall also perform such other duties as may be prescribed by the Board of Directors and/or Chairman or President.	CORPORATE SECRETARY. The Corporate Secretary who must be Filipino citizen and resident of the Philippines shall <u>perform</u> the functions provided by law. He shall also perform such other duties as may be prescribed by the Board of Directors and/or Chairman or President.
Article V, Section 1	THE FISCAL YEAR of the company shall commence with the opening of business on the 1 st day of January of each calendar year and shall close on the 31 st day of December of the same year.	THE FISCAL YEAR of the <u>Corporation</u> shall commence with the opening of business on the 1 st day of January of each calendar year and shall close on the 31 st day of December of the same year.
Article V, Section 2	DIVIDENDS shall be declared only from the unrestricted retained earnings and shall be payable at such times and in such amount as the Board of Directors shall determine, and shall be payable in cash or in shares of the unissued stock of the company, or both, as said Board of Directors and/or the stockholders shall determine. No dividend shall be declared that will impair the capital of the company.	DIVIDENDS shall be declared only from the unrestricted retained earnings and shall be payable at such times and in such amount as the Board of Directors shall determine, and shall be payable in cash or in shares of the unissued stock of the <u>Corporation</u> , or both, as said Board of Directors and/or the stockholders shall determine. No dividend shall be declared that will impair the capital of the <u>Corporation</u> .
Article V, Section 3	AUDITORS shall be designated by the Board of Directors prior to the close of business in each fiscal year, who shall audit and examine the books of account of the company and shall certify to the Board of Directors and the shareholders the annual balances of said books which shall be prepared at the close of the said year under the direction of the treasurer. No director, no officer of the company and no firm or corporation of which such officer or director is a member, shall be eligible to discharge the duties of Auditor. The compensation of the Auditor shall be fixed by the Board of Directors.	AUDITORS shall be designated by the Board of Directors prior to the close of business in each fiscal year, who shall audit and examine the books of account of the <u>Corporation</u> and shall certify to the Board of Directors and the shareholders the annual balances of said books which shall be prepared at the close of the said year under the direction of the Treasurer. No director, no officer of the <u>Corporation</u> and no firm or corporation of which such officer or director is a member, shall be eligible to discharge the duties of <u>the</u> Auditor. The compensation of the Auditor shall be fixed by the Board of Directors.
Article V, Section 4	INSPECTION OF ACCOUNTS by any member of the Board of Directors in person may be made at any and all reasonable times during business hours of	INSPECTION OF ACCOUNTS by any member of the Board of Directors in person may be made at any and all reasonable times during business hours of

	the company, and such inspection may embrace all books, records and vouchers of the company. The books, accounts and records of the company shall be open for inspection by the stockholders at reasonable times.	the <u>Corporation</u>, and such inspection may embrace all books, records and vouchers of the <u>Corporation</u>. The books, accounts and records of the Corporation shall be open for inspection by the stockholders at reasonable times.
Article VI, Section 1	The corporation shall indemnify every director or officer, his heirs, executor and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding arising from such action or suit (other than an action by the corporation to which he may be, or is, made a party by reason of his being or having been a director or officer of the corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.	The <u>Corporation</u> shall <u>indemnify</u> every director or officer, his heirs, executor and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding arising from such action or suit (other than an action by the corporation to which he may be, or is, made a party by reason of his being or having been a director or officer of the corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.
Article VII, Section 1	Procedure for Amendments. The By-laws may be amended, revised or repealed or new By-Laws adopted subject to the provisions of the <u>Jaw</u>.	Procedure for Amendments. The By-laws may be amended, revised or repealed or new By-Laws adopted subject to the provisions of the <u>law</u>.
Article VIII, Section 1	The terms used in these By-Laws shall be defined and construed in accordance with the <u>Corporation Code and other relevant laws of the Republic of the Philippines</u>.	The terms used in these By-Laws shall be defined and construed in accordance with the <u>relevant laws of the Republic of the Philippines</u>.
Article IX, Section 1	The Board of Directors may adopt additional rules and regulation not inconsistent with these By-Laws and their amendments. The foregoing By-Laws were adopted by the Unanimous consent of the owners of a majority of the outstanding stock of the corporation at the first meeting of the shareholders held in Makati, Rizal, Philippines, on the 21st day of August 1970. In witness whereof, we, the undersigned shareholders present at said meeting, and voting thereat in favor of the adoption of said by-laws, have hereunto subscribed	The Board of Directors may adopt additional rules and <u>regulations</u> not inconsistent with these By-Laws and their amendments. The foregoing By-Laws were adopted by the Unanimous consent of the owners of a majority of the outstanding stock of the corporation at the first meeting of the shareholders held in Makati, Rizal, Philippines, on the 21st day of August 1970. In witness whereof, we, the undersigned shareholders present at said meeting, and voting thereat in favor of the adoption of said by-laws, have hereunto subscribed

	our names and with the Chairman of the meeting and the Secretary of the same do likewise without signature attest.	our names and with the <u>Chairman</u> of the meeting and the Secretary of the same do likewise without signature attest.
--	--	---

RESOLVED, FINALLY, that the Board of Directors of the Corporation will present and obtain the approval for the amendment to the By-Laws in the next annual stockholders' meeting.

The Board also approved the date and venue for the Corporation's 2022 annual stockholders' meeting. Upon a motion duly made and seconded, the following resolutions were unanimously approved:

RESOLVED, that the Board of Directors of LMG CORP. (the "**Corporation**") set the date for the Annual Stockholders Meeting on 15 September 2022;

RESOLVED, FURTHER, that the Board of Directors of the Corporation set the record date for stockholders to be entitled to notice of and to vote during the Annual Stockholders' Meeting on 25 August 2022;

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 2022 via teleconference;

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 2022 via teleconference;

RESOLVED, FINALLY, that the Board of Directors of the Corporation approve the publication of the notices of the 2022 Annual Stockholders' Meeting in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days.