COVER SHEET

A	S	0	9	5	0	0	8	5	5	7

SEC Registration Number

I P M H O L D I N G S , I N C . A N D S U B S I D I A R Y

(Company's Full Name)

P E N T H O U S E , T H E T A I P A N P L A C E , F ,
O R T I G A S J R . R O A D , O R T I G A S C E N T E R ,
P A S I G C I T Y

(Business Address: No. Street City/Town/Province)

Atty. Ana Maria A. Katigbak
(Contact Person)

8817-6791/ 8424-2550 to 59
(Company Telephone Number)

1	2		3	1

Month *Day*
(Fiscal Year)

SEC Form 17-A
2023 Annual Report
(Form Type)

4th Wednesday of May
(Annual Meeting)

N/A
(Secondary License Type, If Applicable)

CRMD
Dept. Requiring this Doc.

Amended Articles Number/Section

114
Total No. of Stockholders

Total Amount of Borrowings

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended: **December 31, 2023**

2. SEC Identification Number: **AS095-008557**

3. BIR Tax Identification Number: **004-636-077-000**

4. Exact name of issuer as specified in its charter: **IPM Holdings, Inc.**

5. Province, Country or other jurisdiction of incorporation or organization: Pasig City, Philippines

6. (SEC Use Only) Industry Classification Code

7. Address of principal office:
Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City
Postal Code: 1605

8. Issuer's telephone number, including area code: (632) 8633-4372 & 8424-2550 to 59

9. Former name, former address and former fiscal year, if changed since last report: n/a

210. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 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	**690,000,000**

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

Yes [x] No [ ]

The Philippine Stock Exchange Common Stock

12. Check whether the issuer:

a. has filed all reports required to be filed by Section 17 of the SRC and SRC rule 17 thereunder or Section 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 that 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 *[x*] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2023:

Assumptions:

(a) Total number of shares held by non-affiliates as of December 31, 2023,	217,671,200
(b) Closing price of the Registrant's share on the exchange as of December 21, 2023	3.50

Aggregate market value as of December 31, 2023
761,849,200.00

APPLICABLE ONLY TO REGISTRANT'S INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [x]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

a. Any annual report to security holders – n/a
b. Any information statement filed pursuant to SRC Rule 20 – n/a
c. Any prospectus filed pursuant to SRC Rule 8.1 – n/a

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

OVERVIEW

IPM Holdings, Inc., formerly Minerales Industrias Corporation ("IPM" or the "Parent Company") was incorporated on August 31, 1995 to engage in business as an investment holding company.

Its subsidiary, Basic Environmental Systems & Technologies, Inc. ("BEST") was in turn established on September 15, 1999 to engage in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

The Parent Company started commercial operations on September 4, 1995 with an initial capitalization of Php60.00 million. On October 27, 1997, the Parent Company's Board of Directors (BOD) authorized the additional issuance of shares of stock amounting to Php60.00 million from the unissued portion of the Parent Company's authorized capital stock at a par value of Php1.00 per share.

On June 14, 1998, the Parent Company listed its shares of stock in the Philippine Stock Exchange. The Parent Company offered for subscription to the public, 60.00 million unclassified common shares at an offer price equal to its par value of Php1.00 per share, increasing the Company's capitalization to Php180.00 million. The offer accounted for 33.3% outstanding capital stock of the Company. Proceeds from the offering amounting to Php58.20 million were used to partly finance the additional equity investment in Orion Savings Bank Inc.

On December 10, 1999, the Parent Company's stockholders and board of directors approved the increase in its authorized capital stock from 240.00 million shares to 740.00 million shares, all with par value of Php1.00. On the same date, the Board of Directors resolved to amend the Articles of Incorporation and By-Laws of the Company, changing the name of the Company to Multitech Investments Corporation. The resolutions were ratified and approved by the stockholders during its annual meeting in June 2000.

On July 26, 2007 and August 31, 2007, the Board of Directors and stockholders, respectively approved the amendment of the Articles of Incorporation in order to (a) change the corporate name of the company from Multitech Investments Corporation to Minerales Industrias Corporation, (b) change its principal office from Pasig City to Makati City and (c) change the primary purpose clause of the Company to reflect the shift from being an investment company to a mining company.

On September 24, 2007, the Securities and Exchange Commission (SEC) approved the change in company name and primary purpose. The change in registered address was subsequently approved by the SEC on January 14, 2008.

On December 29, 2009, the Board of Directors approved the private placement of a total of 10.0 million common shares out of the unissued authorized capital stock of the Company at a subscription price of Php1.00 per share. Of the total issue price of Php10.00 million, Php5.05 million was paid to the Company on December 31, 2009 while the balance was settled in full on February 1, 2010.

On November 20, 2012, the Board of Directors approved the subscription of the IPM group of companies to a total of 500.00 million shares out of the Php500.00 million increase n the authorized capital stock of the Company previously approved by the stockholders, at a total subscription price of Php500.00 million, payable in cash. Also, the Board of Directors authorized the acquisition of 615.00 million shares in Basic Environmental Systems & Technologies, Inc. (BEST) at par value of Php1.00 per share, which will constitute 75% of the resulting outstanding capital of BEST. BEST is a corporation engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

On February 8, 2013, the stockholders of the Parent Company representing at least two thirds of the outstanding capital stock approved the subscription by the following within the IPM group of companies or any of their designees/nominees to a total of 500.00 million shares out of the Php500.00 million increase in the authorized capital stock of the Parent Company previously approved by the shareholders, at a total subscription price of Php500.00 million, payable in cash: (a) IPM Construction and Development Corporation, Php350.00 million; (b) IPM Environmental Services, Inc., Php100.00 million; and (b) IPM Realty and Development Corporation, Php50.00 million. On the same date, the stockholders approved the amendment of the primary purpose of the Parent Company to enable the Company to revert to being a holding company and give it more flexibility in looking for suitable investments.

On March 4, 2013, the Parent Company acquired shares in BEST and subscription rights from various stockholders of BEST amounting to Php450.00 million and Php12.50 million, respectively, which resulted in the Company obtaining 75% interest in BEST, thereby treating BEST as its subsidiary starting March 4, 2013.

On June 11, 2013, the SEC approved the Parent Company's application for increase in authorized capital stock from Php240.00 million to Php740.00 million divided into 740.00 million shares, with a par value of Php1 per share and the amendment of the primary purpose of the Parent Company to revert back to a holding company.

On July 18, 2013, the Board of Directors approved the increase in the authorized capital stock of the Parent Company from Php740.00 million divided into 740.00 million shares with a par value of Php1 per share to Php5.00 billion divided into 5.00 billion shares with a par value of Php1 per share. On the same date, the BOD approved the transfer of the principal address of the Parent Company from Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia Street, Barangay Sta. Cruz, Makati City to its current principal address, Unit 103, Ground Floor, Prestige Tower Condominium, F Ortigas Jr. Avenue Ortigas Center, Pasig City. These were subsequently approved by the shareholders on September 19, 2013. The SEC approved the amended articles of incorporation indicating the change of address on October 18, 2013.

On September 11, 2013, The Philippines Stock Exchange, Inc. (PSE) approved the application of the Parent Company to list the additional 500.00 million common shares (the "Private Placement Shares") with a par value of Php1.00 per share, at a Subscription Price of Php1.00 per share. The Parent Company, the IPM Group, and Metropolitan Bank and Trust Company-Trust Banking Group ("Escrow Agent") executed an Escrow Agreement and Certification and Undertaking on November 15, 2013 and December 4, 2013, respectively, to implement the required lock-up of the Private Placement Shares.

On July 22, 2015 and October 21, 2015, the Board of Directors and stockholders, respectively approved the amendment of the Articles of Incorporation in order to (a) change the corporate name of the Parent Company from Minerales Industrias Corporation to IPM Holdings, Inc., (b) change its ticker symbol from "MIC" to "IPM". The SEC approved the amended Articles of Incorporation indicating the change in the name of the Parent Company on November 25, 2015.

On May 25, 2016, the stockholders of the Parent Company approved the: (a) increase in the Corporation's authorized capital stock to an amount of up to Php7.50 billion consisting of common and/or preferred shares as may be determined by the Board of Directors; (b) amendment of the Corporation's Articles of Incorporation to include in the company primary purpose clause the authority to issue sureties and guarantees; (c) amendment of the By-laws of the Corporation to create the Offices of the Chief Executive Officer and Chief Operating Officers; and (d) delegation to the Board of Directors of the authority to amend the By-Laws of the Corporation.

On October 21, 2020, the Corporation changed its principal office address from Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City, to the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

BUSINESS DESCRIPTION

The Parent Company through its subsidiary Basic Environmental Systems and Technologies, Inc. ("BEST"), is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

BEST specializes in waste collection, transport and storage, engineered sanitary landfill development, operation and maintenance, site rehabilitation and remediation, waste recycling and recovery, waste treatment and disposal, wastewater treatment, equipment supply and installation, waste reduction, pollution prevention and control, environmental monitoring assessment and evaluation, and environmental consciousness training. BEST is also engaged in Public-Private Partnership (PPP) with local government units for the construction of Integrated Solid Waste Management Facility. It also operates a Refuse Derived Fuel Facility as alternative fuel for cement co-processing.

INDUSTRY TRENDS/COMPETITION

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000, as amended by RA 11898. The Extended Producers Responsibility Act.

With the technical competency and available solutions, the Group in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing further destruction of our natural resources.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, the Group plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

SOURCES OF RAW MATERIALS AND NAMES OF PRINCIPAL SUPPLIERS

BEST is a service provider.

DEPENDENCE ON SINGLE CUSTOMER

The Group has established long term relationship with various customers and is not dependent on a single or a few customers to generate revenue.

TRANSACTION WITH AND/OR DEPENDENCE ON RELATED PARTIES

Except as disclosed in Note 18 of the audited consolidated financial statements for 2023 and 2022, there were no other transactions entered into with related parties.

PATENTS, TRADEMARKS, ETC.

No product patents, trademarks, licenses were executed for the Company.

GOVERNMENT APPROVALS AND REGULATION

The Company has secured all necessary business permits and licenses granted by the government and its appropriate agencies, which include the Certificate of Registration from the BIR, registration and licenses from the SEC, Social Security System, DOLE, etc. At present, the Company does not know any specific government regulation imposed on its business that may have material effect on the Company which it has not complied with.

RESEARCH AND DEVELOPMENT

BEST is looking into Best Available Technologies and Best Environmental Practice that would enhance and improve the efficiency and effectivity of its operations.

ENVIRONMENTAL LAWS

BEST sees to it that relevant environmental laws, rules and regulations both local and national are complied with.

HUMAN RESOURCES

The Group has one hundred fifteen (115) employees as of December 31, 2023, of whom twelve (12) are rank and file, ninety-seven (97) are in operations and six (6) are key officers. The employees were not subject to any Collective Bargaining Agreement (CBA).

Item 2. Properties

The consolidated property, plant and equipment for the year 2023, is as follows: land Php109.93 million, building and improvements Php0.27 million, transportation equipment Php4.18 million, office furniture and fixtures Php1.33 million, development cost Php56.16 million, leasehold improvements Php3.62 million, and construction in progress Php14.00 million, totaled of Php206.58 million.

The property and equipment have no restrictions or not pledged as security for any liability.

Item 3. Legal Proceedings

The Parent Company and its subsidiary are not involved in litigation that occurred in the last three years that would be considered material. Similarly, to the best of the Company's knowledge, there are no material pending legal proceedings to which the Company or any of its subsidiaries or affiliates is a party.

Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the Annual Stockholders' Meeting held on October 27, 2023, there were no other matters submitted to a vote of the security holders in 2023.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

(1) MARKET INFORMATION

The shares of the Parent Company are listed and traded in the Philippine Stock Exchange. The high and low closing prices of the Parent Company's shares for each quarter within the last two (2) years and the first quarter of 2024 are as follows:

Year	Quarter	High(in Php)	Low(in Php)
2022	First	7.05	6.30
	Second	7.00	6.00
	Third	7.00	6.20
	Fourth	6.70	6.15
2023	First	6.65	6.25
	Second	6.32	6.00
	Third	6.00	4.00
	Fourth	3.95	3.40
2024	First	4.50	3.45

The closing price of the Parent Company's shares on April 11, 2024 was Php3.45 per share.

(2) HOLDERS

The Parent Company has only common stock, with Php1.00 par value. As of December 31, 2023, the number of common shares issued and outstanding was 690,000,000 shares, held by a total of 114 stockholders. The top twenty (20) stockholders of the Parent Company as of December 31, 2023 were as follows:

	Name	No. of Shares	Percentage to Total
1.	IPM Construction and Development Corp.	350,000,000	50.725%
2.	PCD Nominee Corporation (Filipino)	280,466,269	40.647%
3.	IPM Realty and Development Corporation	50,000,000	7.246%
4.	PCD Nominee Corporation (Non-Filipino)	5,655,502	0.820%
5.	William D. Ty	2,000,000	0.290%
6.	Isabelita P. Mercado	1,000,000	0.145%
7.	Violeta L. Lim	74,000	0.011%
8.	Ma. Teresita T. De Leon	61,000	0.009%
	Hanson G. So &/or LarcyMarichi Y. So	61,000	0.009%
9.	Pei Zhi Lin	60,000	0.009%
10.	PCCI Securities Brokers Corporation	50,000	0.007%
11.	Romeo G. See	37,000	0.005%
12.	Edmund Lee	29,000	0.004%
13.	Lucena B. Enriquez	20,000	0.003%
	George G. Precilla	20,000	0.003%
	Mimi Perez	20,000	0.003%
	Alberto Soon	20,000	0.003%
	Johnny T. Yu	20,000	0.003%
	Kim Sing Yu	20,000	0.003%
14.	Elizabeth Ong	18,000	0.003%
15.	Gregorio O. Yu Jr.	15,500	0.002%
16.	Carrie Lim	15,000	0.002%
	Jocelyn C. Lim	15,000	0.002%
17.	Bervina Y. Tan	11,300	0.002%
18.	Victoria C. Africa	10,000	0.001%
	Hernando T. Banal	10,000	0.001%
	Carmeli C. Banci	10,000	0.001%
	George Dolorfino	10,000	0.001%
	Mark Espinosa	10,000	0.001%
	Hua Lam Go	10,000	0.001%
	Susan C. Go	10,000	0.001%
	David L. Kho	10,000	0.001%
	Bun Thiam Lao &/or Janet Lao	10,000	0.001%
	John Maramara	10,000	0.001%
	Franklin Pua &/or Janet Pua	10,000	0.001%
	Luz Sogale Ward	10,000	0.001%
	Luz Sugale Ward	10,000	0.001%
	Rosalind L. Wee	10,000	0.001%
	Kristine C. Yao	10,000	0.001%
	Charity Yap	10,000	0.001%
	Suk Huy Yu	10,000	0.001%
19.	Siok Go Ng	9,000	0.001%
20.	Gordon Landy	8,500	0.001%
21.	Others	123,929	0.018%
	TOTAL	**690,000,000**	**100.000%**

(3) DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last three (3) years, i.e., 2023, 2022 and 2021, since the Parent Company is in a deficit position. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors so long as such declaration will not impair the capital of the Company.

(4) RECENT SALES OF UNREGISTERED SECURITIES

No sales of unregistered securities or shares of the Parent Company were made during the past five (5) years.

Item 6. Management's Discussion and Analysis or Plan of Operations

PLAN OF OPERATIONS

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, the Group in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing further destruction of our natural resources.

On September 25, 2019, the Group entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment, operation and maintenance of the Passi City Integrated Waste Management Facility, the first PPP project awarded to BEST. The facility was opened in 2021.

On June 15, 2022, the Group entered into another PPP project with the Provincial Government of Bataan for the design, construction, operation, maintenance and closure of the Bataan Engineered Sanitary Landfill Facility. This facility will commence its operations in the last quarter of 2024.

As at December 31, 2023, the Group is actively engaged in developing additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, the Group plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the IPM Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, the Group launched My Basurero App - a waste collection hailing app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

The Group believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. With this in mind, the Group launched the Trash to Cashback Program, an incentivized segregation at source program aiming to convert individuals to eco-warriors using environmental points, product incentives, gamification and challenges.

The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, fast moving consumer goods, waste management solutions providers, recycling partners, and micro, small, and medium enterprises (MSMEs).

Trash to Cashback Program implemented in Quezon City was featured in BBC's Transforming Cities series (C40 series) last July 2023. The short film highlights how the program is able to improve the quality of life of eco-warriors in the city by giving access to recyclable drop off locations, and providing avenues to redeem their incentives, pay bills, goods and services.

Tindahan Extra Mile™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, the Group, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in the Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management. This endeavor expanded to Brgy. Lapasan for a Materials Recovery Facility (MRF) installation and capacity building anchoring the importance of at-source waste segregation and tailor-fit solutions to avoid environment waste leakage. MRF installation in the Port of Cagayan de Oro was also rolled out to ensure seamless waste management infrastructure after the initial baseline carried out.

Balik Bote Program in partnership with San Miguel Yamamura Packaging Corporation, aims to collect and recycle food and beverage glass bottles from the communities tapped by the Trash to Cashback Program.

This program is taken a step notch by partners from Diageo Philippines, launching the Diageo Harmony Project in Trash to Cashback drop off locations in Bonifacio Global City since July 2023, and further expanded to key on-trade partners last November 2023.

With these new projects, the Group aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial position and results of operations of the Parent Company and its subsidiary (the "Group") should be read in conjunction with the attached audited consolidated financial statements of the Group.

2023 vs 2022

Income

Total consolidated revenues for 2023 amounted to Php287.73 million, which decreased by 29%, from the Php361.78 million posted in 2022. The material changes are as follows:

- Service income decreased by 38%, from the Php302.00 million in 2022 to Php188.59 million in 2023. This is mainly due to the decrease in hauling income pertains to the service agreement in Cagayan de Oro City (CDO) which ended last January 31, 2023.

- Rental income decreased by 9%, from the Php5.69 million in 2022 to Php5.17 million in 2023. This is attributable mainly to the decrease in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

- Equity in net earnings of an associate and a joint venture increased by 32%, from the Php37.72 million in 2022 to Php49.86 million in 2023.

- Interest income decreased by 25%, from the Php16.36 million in 2022 to Php12.25 million in 2023. This is attributable mainly to the decrease in restructuring of receivables resulting in an accretion of interest income from Php15.03 million in 2022 to Php9.55 million in 2023.

- Gain from sale of investment property amounted to Php29.68 million. This is mainly due to the sale of investment property with a net book value of Php70.32 million for Php100 million.

- Gain from adjustment of provision for rehabilitation amounted to Php2.18 million. This is mainly due to the impact of reassessment of the timing of estimated funding of rehabilitation works for Morong Project to align with the full utilization of the total remaining capacity of the Facility.

Expenses

Total consolidated expenses for 2023 amounted to Php198.15 million, which decreased by 16% from the Php315.98 million posted in 2022. The material changes are as follows:

- Cost of services amounted to Php142.72 million, which is 43% lower than the Php248.81 million in 2022. This is attributable mainly to the decrease in subcontracting costs of the joint venture to undertake the services for hauling and waste collection activities in Cagayan de Oro City which ended on January 31, 2023.

- General and administrative expenses totaled Php45.58 million, which is 24% lower than the Php59.89 million in 2022. This is mainly due to the non-recognition of day one loss in 2023.

- Interest expenses amounted to Php7.30 million, which is a very slight increase from the Php7.28 million in 2022.

- Provision on impairment loss of receivables totaled Php2.55 million. This attributable mainly to the provision for expected credit losses.

Net Income

The twelve-month operation of the Group resulted in a net income of Php81.15 million in 2023, which is a significant increase by 115% from the Php41.55 million posted in 2022. This is mainly due to the increase in equity in net earnings of associates and gain from sale of investment property.

Financial Condition

Statements of financial position data	**December 31, 2023**	December 31, 2022	**% Inc/(Dec)**
Total Current Assets	1,082,397,644	991,692,636	9%
Total Assets	1,590,982,618	1,568,716,835	1%
Total Current Liabilities	147,303,811	220,534,463	(33%)
Total Liabilities	202,131,575	254,466,411	(21%)
Total Equity	1,388,851,043	1,314,250,424	6%

The material changes in the statements of financial position are as follows:

Total consolidated assets slightly increased by 1%, from Php1,568.72 million in 2022 to Php1,590.98 million in 2023.

- Cash and cash equivalents increased by 156% from Php25.53 million in 2022 to Php65.43 million in 2023. This is mainly due to the proceeds from sale of investment property.

- Current portion of trade and other receivables slightly increased by 4% from Php927.03 million in 2022 to Php960.10 million in 2023 due to the uncollected proceeds from the sale of land.

- Other current assets increased by 45% from Php39.13 million in 2022 to Php56.87 million in 2023 due to the increase of prepayments including advances to suppliers for the services to be rendered in relation to trash to cashback software application of the Group.

- Noncurrent assets decreased by 12% from Php577.02 million in 2022 to Php508.58 million in 2023 due to the disposal of investment property.

Total consolidated liabilities decreased by 21%, from Php254.47 million in 2022 to Php202.13 million in 2022. This is mainly due to the payment of short-term bank loan amounting to Php85 million.

Total stockholders' equity increased by Php74.60 million or 6%, from Php1,314.25 million in 2022 to Php1,388.85 million in 2023, reflecting the income for the current year.

Current ratio increased from 4.50x in 2022 to 7.35x in 2023; net working capital increased to Php935.09 million in 2023 versus the Php771.16 million in 2022.

Liquidity and Capital Resource

For the year ended December 31, 2023, net cash provided by operating activities amounted to Php57.01 million, which increased by Php19.12 million as compared to the Php37.89 million in 2022. Cash provided by operating activities consisted mainly of equity in net earnings of an associate of Php49.86 million, gain from sale of an investment property of Php29.86 million and a decrease in receivables of Php34.36 million, as well as repayment of trade and other payables.

Net cash provided by investing activities amounted to Php72.13 million in 2023, which decreased by Php60.69 million as compared to net cash used in investing activities amounted to Php11.44 million in 2022. Cash provided by investing activities consisted mainly of proceeds from disposal of investment property amounted to Php83 million, acquisition of property and equipment of Php31.55 million and net of dividends received from an associate of Php24 million.

Net cash used in financing activities amounted to Php89.24 million in 2023, which increased by Php81.24 million as compared to Php8.01 million in 2022, consisting mainly of principal and interest payment on bank loans.

2022 vs 2021

Income

Total consolidated revenues for 2022 amounted to Php361.78 million, which increased by Php31.36 million or 9% from the Php330.42 million posted in 2021. The material changes are as follows:

- Service income increased by Php30.33 million or 11% from the Php271.68 million in 2021 to Php302.01 million in 2022. This is mainly due to the increase in income from tipping fees charged to LGUs and private hauling revenues, consultancy/field services and trash to cashback.
- Rental income increased by Php2.03 million or 55%, from the Php3.66 million in 2021 to Php5.70 million in 2022. This is attributable mainly to the increase in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

- Equity in net earnings of an associate and a joint venture decreased by Php16.17 million or 30%, from the Php53.88 million in 2021 to Php37.72 million in 2022.

- Interest income increased by Php15.17million, from the Php1.19 million in 2021 to Php16.36 million in 2022. This is attributable mainly to the restructuring of receivables resulting in an accretion of interest income amounting to Php15.03 million.

Expenses

Total consolidated expenses for 2022 amounted to Php315.98 million, which increased by Php50.29 million or 19% from the Php265.69 million posted in 2021. The material changes are as follows:

- Cost of services amounted to Php248.81 million, which is Php23.00 million or 10% higher than the Php225.81 million in 2021. This is attributable mainly to the increase in depreciation and amortization, equipment rental, costs of fuel and oil, and repairs and maintenance.

- General and administrative expenses totaled Php59.89 million, Php25.20 million or 73% higher than the Php34.69 million in 2021. This is mainly due to the restructuring of receivables resulting in a recognition of day 1 loss amounting to Php25.96 million.

- Interest expenses amounted to Php7.28 million, Php2.09 million or 40% higher than the Php5.19 million in 2021. This is mainly due to the increase in bank loan interest.

Net Income

The twelve-month operation of the Group posted a net income of Php41.55 million in 2022, a significant decrease by Php18.44 million or 31% from the Php59.99 million posted in 2021. This is mainly due to the restructuring of receivables resulting in a recognition of day 1 loss amounting to Php25.96 million and accretion of interest income amounting to Php15.04 million.

As a result, the Group recognized a loss on restructuring and interest income amounting to ₱21.84 million and ₱12.29 million, respectively, in 2022

Financial Condition

Statements of financial position data	December 31, 2022	December 31, 2021	% Inc/(Dec)
Total Current Assets	991,692,636	972,158,390	2%
Total Assets	1,568,716,835	1,534,138,398	2%
Total Current Liabilities	220,534,463	229,147,700	(4%)
Total Liabilities	254,466,411	261,688,644	(3%)
Total Equity	1,314,250,424	1,272,449,754	3%

The material changes in the statements of financial position are as follows:

Total consolidated assets slightly increased by Php34.58 million or 2%, from the Php1,534.14 million in 2021 to Php1,568.72 million in 2022.

- Cash and cash equivalents increased by 260% from Php7.09 million in 2021 to Php25.53 million in 2022. This is mainly due to the collection of long outstanding receivables from a related party.

- Current portion of trade and other receivables slightly decreased by 3% from Php952.75 million in 2021 to Php927.03 million in 2022 due to the collection of outstanding receivables from a related party.

- Other current assets increased by 218% from Php12.32 million in 2021 to Php39.13 million in 2022 due to the increase in input VAT pertaining to the sub-contract cost for hauling and waste collection in Cagayan de Oro City, advances to suppliers and creditable withholding tax.

- Noncurrent assets slightly increased by 2% from Php561.98 million in 2021 to Php577.02 million in 2022.

Total consolidated liabilities decreased by Php7.22 million or 3%, from Php261.69 million in 2021 to Php254.47 million in 2022. This is attributable mainly to the decrease in trade payables for the contracting and consulting operations to provide waste disposal services.

Total stockholders' equity increased by Php41.80 million or 3%, from Php1,272.45 million in 2021 to Php1,314.25 million in 2022, reflecting the income for the current year.

Current ratio increased from 4.24x in 2021 to 4.50x in 2022; net working capital increased to Php771.16 million in 2022 versus the Php743.01 million in 2021.

Liquidity and Capital Resource

For the year ended December 31, 2022, net cash provided by operating activities amounted to Php37.89 million, which decreased by Php13.71 million as compared to the Php51.60 million in 2021. This is attributable mainly to the increase in other current assets, decrease in receivables, as well as repayment of trade and other payables.

Net cash used in investing activities amounted to Php11.44 million in 2022, which decreased by Php64.94 million as compared to Php76.38 million in 2021. Cash used in investing activities consisted mainly of acquisition of property and equipment of Php25.29 million and payment of advances to landowners of Php5.00 million, net of dividends received from an associate of Php17.60 million.

Net cash used in financing activities amounted to Php8.01 million in 2022, which increased by Php3.09 million as compared to Php4.92 million in 2021, consisting mainly of interest and principal payment on bank loans.

2021 vs 2020

Income

Total consolidated revenues for 2021 amounted to Php330.42 million, which increased by Php34.20 million or 12% from the Php296.22 million posted in 2020. The material changes are as follows:

- Service income increased by Php24.15 million or 10% from the Php247.52 million in 2020 to Php271.68 million in 2021. This is mainly due to the increase in income of the Company's joint venture for the hauling and waste collection in Cagayan de Oro City; tipping fees charged to LGUs; and private hauling revenues.

- Rental income decreased by Php7.46 million or 67%, from the Php11.12 million in 2020 to Php3.66 million in 2021. This is attributable mainly to the decrease in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

- Equity in net earnings of an associate and a joint venture increased by Php17.54 million or 48%, from the Php36.34 million in 2020 to Php53.88 million in 2021. This is mainly due to the increase in its equity share in the net income of its associate amounting to Php53.88 million.

- Interest income decreased by Php0.03 million or 3%, from the Php1.22 million in 2020 to Php1.19 million in 2021, attributable to the decrease in earnings from time deposits.

Expenses

Total consolidated expenses for 2021 amounted to Php265.69 million, which increased by Php21.79 million or 9% from the Php243.90 million posted in 2020. The material changes are as follows:

- Cost of services amounted to Php225.81 million, which is Php32.24 million or 17% higher than the Php193.57 million in 2020. This is attributable mainly to the increase in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities in Cagayan de Oro City.

- General and administrative expenses totaled Php34.69 million, Php7.55 million or 18% lower than the Php42.24 million in 2020. This is attributable mainly to the decrease in VAT expense.

- Interest expenses amounted to Php5.19 million, Php2.90 million or 36% lower than the Php8.09 million in 2020. This is mainly due to the decrease in bank loan interest.

Net Income

The twelvemonth operation of the Group resulted in a net income of Php59.99 million for 2021, a significant increase by Php15.85 million or 36% from the Php44.145 million posted in 2020. This is mainly due to the increase in income of the joint venture from hauling and waste collections in Cagayan de Oro and equity share in the net income of an associate amounting to Php53.88 million.

Financial Condition

Statements of financial position data	**December 31, 2021**	**December 31, 2020**	**% Inc/(Dec)**
Total Current Assets	972,158,390	1,059,317,512	(8%)
Total Assets	1,534,138,398	1,505,558,742	2%
Total Current Liabilities	229,147,700	258,386,921	(11%)
Total Liabilities	261,688,644	292,795,601	(11%)
Total Equity	1,272,449,754	1,212,763,141	5%

The material changes in the statements of financial position are as follows:

Total consolidated assets slightly increased by Php28.58 million or 2%, from the Php1,505.56 million in 2020 to Php1,534.14 million in 2021.

- Cash and cash equivalents decreased by 81% from Php36.79 million in 2020 to Php7.09 million in 2020. The decreased was mainly due to the acquisition of property and equipment.

- Current portion of trade and other receivables decreased by 6% from Php1,016.77 billion in 2020 to Php952.75 million in 2021 due to the collection of outstanding receivables from a related party.

- Other current assets increased by 114% from Php5.76 million in 2020 to Php12.32 million in 2021 due to the increase in input VAT pertaining to the sub-contract cost for hauling and waste collection in Cagayan de Oro City.

- Noncurrent assets increased by 26% from Php446.24 million in 2020 to Php561.98 million in 2021. The increase is mainly due to the additional acquisition of land for the planned project in Bulacan and Bataan, as well as the construction in progress of the Passi City Integrated Waste Management Facility.

Total consolidated liabilities decreased by Php31.11 million or 11%, from Php292.80 million in 2020 to Php261.69 million in 2021. This is attributable to the decrease in trade payables for the contracting and consulting operations to provide waste disposal services.

Total stockholders’ equity increased by Php59.69 million or 5%, from Php1,212.76 million in 2020 to Php1,272.45 million in 2021, reflecting the income for the current year.

Current ratio decreased from 4.10x in 2020 to 4.21x in 2021; net working capital declined to Php743.01 million in 2021versus the Php800.93 million in 2020.

Liquidity and Capital Resource

For the year ended December 31, 2021, net cash provided by operating activities amounted to Php51.60 million, which decreased by Php76.32 million as compared to the Php127.92 million in 2020. This is attributable mainly to the decrease in receivables, as well as repayment of trade and other payables.

Net cash used in investing activities amounted to Php76.38 million in 2021, which decreased by Php19.81 million as compared to Php96.19 million in 2020. Cash used in investing activities consisted mainly of acquisition of property and equipment (Php72.51 million) and payment of advances to landowners (Php12.00 million), net of dividends received from an associate (Php12.80 million).

Net cash used in financing activities amounted to Php4.92 million in 2021, consisting mainly of interest and principal payment on bank loans.

Key Performance Indicators

The Company’s key performance indicators are as follows:

KPI	Calculation	2023	2022	2021
Current Ratio (1)	Current Assets/Current Liabilities	7.35x	4.50x	4.24x
Quick Ratio (2)	Cash + Marketable Securities + Receivables /Current Liabilities	6.96x	4.32x	4.19x
Debt to Equity Ratio (3)	Liabilities/ Stockholders’ Equity	0.15x	0.19x	0.21x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	2.01	1.90	1.84
Net Income per Share (5)	Net Income /Weighted Average Number of Shares Outstanding	0.12	0.06	0.09

		December 31, 2023	December 31, 2022	December 31, 2021
(1)	Current Ratio	1,082,397,644/147,303,811	991,692,636/220,534,463	972,158,390/229,147,701
(2)	Quick Ratio	1,025,525,385/147,303,811	952,558,025/220,534,463	959,839,023/229,147,701
(3)	Debt to Equity	202,131,575/1,388,851,043	254,466,411/1,314,250,424	261,688,644/1,272,449,754
(4)	Book Value/Share	1,388,851,043/690,000,000	1,314,250,424/690,000,000	1,272,449,754/690,000,000
(5)	Net Income per Share	81,149,099/690,000,000	41,549,798/690,000,000	59,994,783/690,000,000

The Current Ratio is a general and quick measure of a Group’s liquidity. It represents the ratio of all current assets to all current liabilities. It is also known as the “Working Capital Ratio” because working capital is the excess of current assets over current liabilities.

The Quick Ratio is another measure of a company’s liquidity. It is used to measure a Group’s ability to pay its liabilities using assets that are cash or very liquid.

The Debt-to-Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Group.

Book Value per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities then divide that total by the number of common shares outstanding.

Net Income per Share is computed by dividing the net income by the weighted average number of common shares outstanding.

Other Matters

a) There were no known trends, demands, commitments, events or uncertainties that had or will have a material impact on the Company's liquidity other than those discussed in the Plan of Operation, Item 2- Management's Discussion and Plan of Operations.

b) There were no known events that triggered direct or contingent financial obligation that is material to the Company including any default or acceleration of an obligation.

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

d) There were no material commitments for capital expenditures.

e) There were no other known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net sales or income other than what was mentioned in the Plan of Operation, Item 2 – Management's Discussion and Analysis.

f) There were no significant elements of income or loss that did not arise from the Company's continuing operations.

g) There were no seasonal aspects that had material effect on the financial condition or results of operation.

Item 7. Financial Statements

The audited consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The external auditors of the Company is the accounting firm of Isla Lipana & Co. The engagement of Isla Lipana & Co. as external auditor was approved during the Annual Stockholders' Meeting in October 27, 2023. The appointment of the external auditor and the engagement partner is consistent with SRC Rule 68. The engagement partner or signing partner is rotated after every five (5) years of engagement. A two-year cooling-off period is observed in the re-engagement of the same signing partner or individual auditor.

There have been no changes in or disagreements on accounting and financial disclosure for the completed audit year ended December 31, 2023.

Audit and Audit-Related Fees

The Group paid its auditors the following fees for the last two years for professional services rendered, exclusive of VAT and out of pocket expenses:

Year	Audit Fees	Tax Fees	All Other Fees
2023	Php1,300,000.00	-	-
2022	Php1,334,400.00	-	-

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(1) DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

a. Incumbent Directors and Executive Officers.

The Corporation's Articles of Incorporation provide for a seven seat Board of Directors. The following is the list of the members of the Board:

Name	Position	Age	Citizenship
Isabelita P. Mercado	Chairman	73	Filipino
Francis Neil P. Mercado	Director	44	Filipino
Antonio Victoriano F. Gregorio III	Director	50	Filipino
Jan Vincent P. Mercado	Director	46	Filipino
Alfredo P. Javellana II	Independent Director	78	Filipino
David L. Kho	Independent Director	76	Filipino

The following is a list of the Parent Company's key executive officers as of the date of this report:

Name	Position	Age	Citizenship
Isabelita P. Mercado	Chairman/Chief Executive Officer	73	Filipino
Francis Neil P. Mercado	Treasurer/Chief Financial Officer	44	Filipino
Ana Maria A. Katigbak	Corporate Secretary	55	Filipino

b. Term of office.

The term of office of the Directors and executive officers is one (1) year from their election as such until their successors are duly elected and qualified.

Of the six members of the Board, Ms. Isabelita P. Mercado has been a director of the Company since July 2007. Atty. Antonio F. Gregorio III has been a director since July 2011, Mr. Francis P. Mercado has been a director since May 2012. Atty. Alfredo P. Javellana II has been a director since July 2012, Atty. David L. Kho has been a director since May 2016 and John Vincent P. Mercado has been a director since September 30, 2021.

With regard to the executive officers, Ms. Isabelita P. Mercado has been the Chairman and Chief Executive Officer since July 2014. Maria Ana Katigbak has been the Corporate Secretary since July 2007 and Mr. Francis Neil P. Mercado has been the Treasurer since September 2013.

c. Business experience of the Directors and Officers during the past five (5) years.

Isabelita Paredes Mercado, Chairman and Chief Executive Officer

Ms. Isabelita P. Mercado**,** 73 years old, she is the recipient of various Recognitions for her 35-year track record as a woman entrepreneur in a man's world, being involved in construction, property development and waste management employing the most Innovative management techniques and the latest in technology. A UN-awardee for responsible waste management systems She is the Founder and CEO of IPM Group of Companies. For several years now, she serves as chairman and chief executive officer of IPM Construction and Development Corporation (1991 to present), IPM Realty & Development Corporation (1991 to present), Basic Environmental System & Technologies, Inc. (1999 to present), and Ecoedge Resources Corporation (2013 to present). She also serves as director of Lee Gardens Holdings, Inc. and Metro Clark Waste Management Corp. and director of several other companies within the IPM Group. She earned her Double degree University of Sto. Tomas Bachelor of Arts, Major in Economics and Bachelor of Science in Commerce, Major in Accounting. She was awarded as Outstanding Woman Leader and Innovator for 2020 by the Women In Infrastructure Foundations, Inc. (WIFI), as Asia CEO Awards 2019 Circle of Excellence for Executive Team of the year.

Francis Neil P. Mercado, Director, Treasurer and Chief Financial Officer

Mr. Francis Neil P. Mercado, 44 years old, graduated with a Bachelor of Science degree in Economics and Finance from Southern New Hampshire University, Manchester, and New England, USA in 2003. He also completed his Bachelor of Science in Economics from Nottingham University, United Kingdom in 2001 and Foundation Levels from Bellerby's College, Cambridge, United Kingdom. He sits as director and officers of various companies including IPM Construction and Development Corporation (2007-present), IPM Realty and Development Corporation (2007-present), IPM Trading and Development Corporation (2007-present), Zinith Mines Inc. (2009 to present), Metroluxury Mining Corp. (2009 to present) and Association of Carrier & Equipment Lessor (2016 to present).

Antonio Victoriano F. Gregorio III, Director

Atty. Antonio Victoriano F. Gregorio III**,** 50 years old**,** Atty. Gregorio graduated with a Juris Doctor from the Ateneo de Manila University Second Honors in 1998 and passed the bar examinations in 1999. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, with a standing of magna cum laude. He was valedictorian of his high school class in the Ateneo. Atty. Gregorio sits as director and officer of various private and public companies, including Abacus Consolidated Resources and Holdings, Inc. (2009-present), Philippine Regional Investment Development Corporation (Director, 2017-present), Cuervo Far East Inc. (Corporate Secretary, 2005-present), among other companies. He served as director and officer of Nihao Mineral Resources International Inc. (2011-2020), Lodestar Investment Holdings Corporation (2008-2020) and Asiabest Group International Inc. (2008-2017).

Jan Vincent P. Mercado, Director

Mr. Jan Vincent P. Mercado**,** 46 years old, graduated with a Bachelor of Science degree in Management Information System from Southern New Hampshire University, Manchester, USA in 2003. He is the president and managing director of BeepXtra Philippines Inc., president of The Fort Park Estate Inc., and president and member of the board of directors of Ecoedge Resources Corporation. He is also the senior vice president and member of the board of directors of Basic Environmental Systems and Technologies Inc. and IPM Construction and Development Corporation.

Atty. Alfredo P. Javellana II, Independent Director

Atty. Alfredo P. Javellana II**,** 78 years old, is an Independent Directors of UBS Securities Philippines, Inc. (2009 to present) and Wilcon Corporation (2010 to present). For the past several years, he was a Director of Philippine Savings Bank, Federal Homes, Inc., Philippine AXA Life Insurance Corp., and Toyota Motor Philippines. Previously, he was the Assistant to the President for Investor Relations and Chief Finance Officer of the Metropolitan Bank & Trust Company, Inc. likewise held several other positions in the same bank prior to his appointment as Chief Finance Officer. Atty. Javellana earned his Bachelor of Science in Commerce Major in Accounting and Bachelor of Laws from the University of San Agustin, Iloilo City.

Atty. David L. Kho, Independent Director

Atty. David L. Kho, 76 years old, he has been a legal and business practitioner since graduating from college. He finished his Business Administration degree, major in Banking and Finance, at the University of the Philippines-Diliman. He later earned his Bachelor of Laws degree also from U.P. Atty. Kho was a member of the 15th Congress of the Philippines where he served as Vice chairman of two committees and member of ten others. He ended his term with a perfect attendance. He serves as an Independent Director of Boulevard Holdings, Inc. (2017 to present). He is an incumbent Trustee of the Kapihan sa

Klub Filipino (2012 to present), past president of the Rotary club of Sto. Domingo, Quezon City, former Vice-President and Director of the Quezon City Sports Club, Inc., past Director and legal counsel of the Philippine Chamber of Commerce & Industry, Quezon City chapter, Lifetime member of U.P. Pan Xenia Fraternity, U.P. Law Alumni Assn., Integrated Bar, Charter President of the U.P. Junior Finance Assn. He is an author and publisher as well as a topnotcher of the Real Estate Brokers Exam.

Atty. Ana Maria A. Katigbak, Corporate Secretary

Atty. Ana Maria A. Katigbak**,** 55 years old, a member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws at the University of the Philippines. She is a senior partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices. In the past five years, she has served as director and assistant corporate secretary of Mabuhay Holdings Corp., corporate secretary of Alsons Consolidated Resources, Inc. and assistant corporate secretary in certain publicly-listed companies such as Energy Development Corp., Marcventures Holdings, Inc., Paxys, Inc., and Solid Group, Inc.

The names and nationalities of the incorporators of the Company are as follows:

Name	Nationality
Tony O. King	Filipino
Pacita K. Yap	Filipino
Felisa D. King	Filipino
Alberto Ty	Filipino
Joselyn C. Tiu	Filipino

(2) SIGNIFICANT EMPLOYEES

There are no employees identified for disclosure to which the operational decisions and strategies of the Company are entirely dependent on.

(3) FAMILY RELATIONSHIP

Ms. Isabelita P. Mercado is the mother of Mr. Francis Neil P. Mercado and Mr. Jan Vincent P. Mercado. Apart from the foregoing, there are no other family relationships, either by consanguinity or affinity, among the directors and executive officers of the Corporation.

(4) RESIGNATION/RE-ELECTION

Since the last annual stockholders' meeting of the Corporation, no Director has resigned or declined to stand for reelection to the Board of Directors of the Corporation because of disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practice.

(5) INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS DURING THE PAST 5 YEARS

To the best of the Corporation's knowledge, there has been no occurrence during the past five (5) years up to the present that are material to an evaluation of the ability and integrity of any director, executive officer, or controlling person of the Corporation.

Item 10. Executive Compensation

(1) COMPENSATION TABLE

The following is a summary of the aggregate compensation paid or accrued during the two fiscal years, 2023 and 2022 and for the ensuing fiscal year 2024 to the Company's Chairman and Chief Executive Officer and other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Isabelita P. Mercado Chairman and Chief Executive Officer	2024-Jan to Dec 31 (Est) 2023-Jan to Dec 31 2022-Jan to Dec 31	NIL	NIL	240,000 240,000 120,000
Francis Neil P. Mercado Director and Treasurer and Chief Financial Officer	2024-Jan to Dec 31 (Est) 2023-Jan to Dec 31 2022-Jan to Dec 31	NIL	NIL	120,000 120,000 100,000
Antonio Victoriano F. Gregorio III Director	2024-Jan to Dec 31 (Est) 2023-Jan to Dec 31 2022-Jan to Dec 31	NIL	NIL	120,000 120,000 80,000
Jan Vincent P. Mercado Director	2024-Jan to Dec 31 (Est) 2023-Jan to Dec 31 2022-Jan to Dec 31	NIL	NIL	120,000 120,000 60,000
Alfredo P. Javellana II *Independent Director*	2024-Jan to Dec 31 (Est) 2023-Jan to Dec 31 2022-Jan to Dec 31	NIL	NIL	120,000 120,000 100,000
David L. Kho *Independent Director*	2024-Jan to Dec 31 (Est) 2023-Jan to Dec 31 2022-Jan to Dec 31	NIL	NIL	120,000 120,000 100,000
Ana Maria A. Katigbak *Corporate Secretary*	2024-Jan to Dec 31 (Est) 2023-Jan to Dec 31 2022-Jan to Dec 31	NIL	NIL	100,000 100,000 60,000
TOTAL OF THE GROUP	2024 (Est) 2023 2022	NIL	NIL	840,000 840,000 620,000

IPM's officers and directors do not receive and have not received any compensation or salary by virtue of their positions. However, directors receive the following per diems for each board meeting they attend: (i) Chairman of the Board - Php40,000.00, (ii) Regular and Independent Directors - Php 20,000.00.

In May 23, 2012, the Board of Directors approved the grant of per diem to members of the Board of Directors, for every attendance at regular meetings of the board. The *per diem* are as follows: (i) Chairman of the Board Php20,000.00, (ii) Regular Directors Php10,000.00, and (iii) Independent Directors Php10,000.00. In June 27, 2018, the Board of Directors approved a 100% increase in the per diem of each director.

There is no contract covering their employment with the Corporation and they hold office by virtue of their election to office. Except for the *per diem,* the Corporation's officers and directors do not receive any compensation or salary by virtue of their positions. The Corporation has no agreements with its named executive officers regarding any bonus, profit sharing, pension or retirement plan.

As of date, none of the Corporation's common shares are subject to outstanding options or warrants to purchase, or securities convertible into common shares of the Corporation.

(2) COMPENSATION OF DIRECTORS

a. Standard Arrangements

The Parent Company provided standard compensatory arrangements with its Directors and Officers prior to August 31, 2007. They are provided fixed monthly fees until June 2005. The incumbent directors do not receive any compensation for their services.

b. Other Arrangements

None executed for the last five-years of operations other than the above-mentioned standard arrangements.

(3) EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN CONTROL ARRANGEMENTS

None executed by the Company for the last three years of operations

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of December 31, 2023, the record and/or beneficial owners of more than 5% of the outstanding common shares of the Corporation and the amount of such record and/or beneficial ownership.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	IPM Construction and Development Corporation* Penthouse, The Taipan Place, F. Ortigas Jr. Rd., Ortigas Center, Pasig City Relationship: Majority Stockholder	All the shares of IPM Construction and Development Corporation are directly owned by its shareholders.	Filipino	350,000,000	50.725%
Common	PCD Nominee Corporation Relationship: Stockholder	The beneficial owners of such shares are Philippine Depository & Trust Corporation (PDTC) participants who hold the shares on their behalf or on behalf of their clients	Filipino	280,466,269	40.647%
Common	IPM Realty and Development Corporation Northfields Executive Vill., Mc. Arthur Hi-way, Longos, Malolos, Bulacan Relationship: Stockholder	All the shares of IPM Realty and Development Corporation are directly owned by its shareholders.	Filipino	50,000,000	7.246%

Below is the record owner under PCD account holding more than 5% of the outstanding capital stock of the Company:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Citizenship	Number of Shares Held	Percent of Class
Common	Meridian Securities, Inc. Suite 2702 B&C Tektite Tower 1 Ortigas Centre, Pasig City	Filipino	212,042,300	30.73%

The above broker is the only record owner of shares of stock held under the name of PCD Nominee Corp., thus they exercise no voting power over the shares.

As of December 31, 2023, the foreign ownership level of IPM is 5,726,004 shares or equivalent to 0.8299%.

(2) Security Ownership of Management

The table sets forth as of December 31, 2023 the record or beneficial stock ownership of each Director of the Corporation and all Officers and Directors as a group.

Title of Class	**Name of Beneficial Owner**	**Amount and Nature of Beneficial Ownership**	**Citizenship**	**Percent of Class**
Common	Isabelita P. Mercado *Chairman and Chief Executive Officer*	(Direct) 1,000,000 (Indirect) 500,000	Filipino	0.21739%
Common	Francis Neil P. Mercado *Director, Treasurer and Chief Financial Officer*	(Direct) 2,000	Filipino	0.00029%
Common	Antonio Victoriano F. Gregorio III *Director*	(Direct) 1,000	Filipino	0.00014%
Common	Jan Vincent P. Mercado *Director*	(Direct) 2,000 (Indirect) 184,000	Filipino	0.02696%
Common	Alfredo P. Javellana II *Independent Director*	(Direct) 1,000 (Indirect) 179,000	Filipino	0.02608%
Common	David L. Kho *Independent Director*	(Direct) 10,000 (Indirect) 449,800	Filipino	0.06664%
Common	Ana Maria A. Katigbak *Corporate Secretary*	0	Filipino	0 %
	T O T A L	**2,328,800**		**0.3375%**

All the above-named directors and officers of the Corporation are the record and beneficial owners of the shares of stock set forth opposite their respective names.

(3) Voting Trust Holders of 5% or more

The Corporation is not aware of any person holding more than 5% of the shares of the Corporation under a voting trust or similar agreement which may result in a change in control of the Corporation as of December 31, 2023.

(4) Changes in Control

From January 1, 2023 to date, there has been no change in control of the Corporation. Neither is the Corporation aware of any arrangement, which may result in a change in control of it.

Item 12. Certain Relationships and Related Transactions

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 include: (a) parties owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; (c) joint venture; and (d) individual owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individuals.

Except as disclosed in Note 18 of the audited consolidated financial statements for 2023 and 2022, there were no other transactions entered into with related parties.

PART IV – CORPORATE GOVERNANCE AND SUSTAINABILITY REPORT

Item 13. Corporate Governance

IPM Holdings, Inc. (Formerly Minerales Industrias Corporation) is fully committed in maintaining a high standard of corporate governance to protect the interest of its shareholders. It has complied throughout the period under review with the applicable principles and provisions set out in the Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19, Series of 2016) and the Company's 2017 Revised Manual on Corporate Governance. The Company has not deviated from its own Revised Manual on Corporate Governance.

The Company also continues to review and strengthen its policies and procedures, giving due consideration to areas that, for the best interests of the Company and its stockholders, need further improvement. The same is being done by participating in the corporate governance survey of the Philippine Stock Exchange, Inc. The Company will put in place a more comprehensive system to ensure compliance with leading corporate governance practices.

On November 16, 2023, the members of the Board as well as officers of the Company attended the corporate governance seminar via Zoom Webinar, entitled "2023 Corporate Governance". This is in compliance with SEC Memorandum Circulars No. 20-2013 and 2-2015 of the Securities and Exchange Commission.

Attendance of Directors in Board meetings

The record of attendance of the directors at the meetings of the Board of Directors for CY 2023 is as follows:

Position	Name	Date of Election/ Re-election	Number of Meetings Held During the Year	Number of Meetings Attended	%
Chairman	Isabelita P. Mercado	November 29, 2022/October 27, 2023	5	5	100%
Board Member	Francis Neil P. Mercado	November 29, 2022/October 27, 2023	5	5	100%
Board Member	Antonio Victoriano F. Gregorio III	November 29, 2022/October 27, 2023	5	5	100%
Board Member	Jan Vincent P. Mercado	November 29, 2022/October 27, 2023	5	5	100%

Independent Director	Alfredo P. Javellana II	November 29, 2022/October 27, 2023	5	5	100%
Independent Director	David L. Kho	November 29, 2022/October 27, 2023	5	5	100%

PART V – EXHIBIT AND SCHEDULES

Item 14. Exhibits, Sustainability Report and Reports on SEC Form 17-C

(a) Exhibits

The Audited Consolidated Financial Statements ending December 31, 2023 are herein attached and incorporated by reference.

(b) Sustainability Report

In compliance to SEC Memorandum Circular No. 4, Series of 2019, attached to this SEC Form 17-A (Annual Report) is the company's Sustainability Report for 2023.

(c) Reports on SEC Form 17-C. The following are the reports filed by the Company on SEC Form 17-C for the year 2023.

Date of Report	**Description**
March 29, 2023	Postponement of 2023 Annual Stockholders' Meeting
September 1, 2023	Notice of 2023 Annual Stockholders' Meeting
October 27, 2023	Results of Annual Stockholders' Meeting held on October 27, 2023
October 27, 2023	Results of Organizational Meeting of the Board of Directors held on October 27, 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 10, 2024.

By:

ISABELITA P. MERCADO
Chairman of the Board and
Chief Executive Officer

FRANCIS NEIL P. MERCADO
Treasurer and
Chief Financial Officer

ANA MARIA A. KATIGBAK
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 12 2024, affiants exhibiting to me their Passports, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Isabelita P. Mercado	P2579466B	July 17, 2019	DFA, Manila
Francis Neil P. Mercado	P3923990B	November 21, 2019	DFA, Manila
Ana Maria A. Katigbak	P7145377B	July 7, 2021	DFA, Manila

Doc No. 377
Page No. 77
Book No. 7B
Series of 2024

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-16 until Dec. 31, 2025
Roll No. 45790/IBP Lifetime #04897/07-03-2003
PTR No. 10073910/01-02-2024/Makati City
MCLE No. VII-0016370/04-26-2022
G/F Fedman Suites 199, Salcedo Street
Legaspi Village, Makati City

IPM HOLDINGS, INC. AND SUBSIDIARY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULES AND SEC FORM 17-C UNDER FORM 17-A, ITEM 7

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	5	0	0	8	5	5	7

COMPANY NAME

IPM HOLDINGS, INC. AND SUBSIDIARY

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

PENTHOUSE, THE TAIPAN PLACE, F. ORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@ipmholdings.com.ph	**8424-2550**	**09176291365**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
114	**4th Wed of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ana Maria A. Katigbak	**AAK@cltpsj**	**8817-6791**	**09176291365**

CONTACT PERSON's ADDRESS

3rd Floor, The Valero Tower, 122 Valero St., Salcedo Village, Makati 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*

IPM HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS

The management of **IPM Holdings, Inc. and its Subsidiary (the Group)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, 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 consolidated 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 Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Isla Lipana & Co., the independent auditors, appointed by the stockholders has audited the financial statements of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

ISABELITA P. MERCADO
Chairman/Chief Executive Officer

FRANCIS NEIL P. MERCADO
Treasurer/Chief Financial Officer

Signed this 10th day of April 2024

SUBSCRIBED AND SWORN to before me this APR 12 2024, affiants exhibiting to me their Passports, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Isabelita P. Mercado	P2579466B	July 17, 2019	DFA, Manila
Francis Neil P. Mercado	P3923990B	November 21, 2019	DFA, Manila

Doc No. 374
Page No. 77
Book No. 78
Series of 2024.

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-16 until Dec. 31, 2025
Roll No. 45790/IBP Lifetime #04897/07-03-2003
PTR No. 10073910/01-02-2024/Makati City
MCLE No. VII-0016370/04-26-2022
G/F Fedman Suites 199, Salcedo Street

Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City, Philippines 1605
Telephone Nos. (632) 8633-4372 (632) 8424-2550 to 59

pwc

Independent Auditor's Report

To the Board of Directors and Shareholders of
IPM Holdings, Inc.
Penthouse, The Taipan Place, F.
Ortigas Jr. Road, Ortigas Center, Pasig City

Report on the Audit of the Consolidated Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of IPM Holdings, Inc. (the "Parent Company") and its subsidiary (together, the "Group") as at December 31, 2023 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of total comprehensive income for the year ended December 31, 2023;
- the consolidated statement of changes in equity for the year ended December 31, 2023;
- the consolidated statement of cash flows for the year ended December 31, 2023; and
- the notes to the consolidated financial statements, including material accounting policy information.

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 Consolidated Financial Statements section of our report.

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

Independence

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

Our Audit Approach

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

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

Key Audit Matter

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

Key audit matter identified in our audit pertains to the assessment of the adequacy of expected credit losses on trade receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
Adequacy of expected credit losses on trade receivables As at December 31, 2023, the Group has outstanding trade receivables amounting to P913.01 million. The estimation of allowance for expected credit losses (ECL) of these trade receivables is significant to our audit because it requires high level of management judgment and assumptions. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model, such as timing and amounts of expected net recoveries from defaulted accounts and impact of any credit enhancements extended by any party; and incorporating forward-looking information in calculating ECL. Trade receivables of the Group accounts for 57% of the Group's consolidated total assets. The disclosures in relation to trade receivables are included in Notes 3 and 18 to the consolidated financial statements.	Our audit procedures included, among others, understanding of the impairment methodology used for the Group's different credit exposures and assessing whether these considered the requirements of PFRS 9 *"Financial Instruments"* to reflect an unbiased and probability-weighted outcome and the best available forward-looking information. We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies; (c) tested historical loss rates as well as historical recoveries and write-offs and the effects of any credit enhancements provided by any party; (d) tested the accuracy of the aging buckets; and (e) analyzed and corroborated forward-looking information using publicly available information and our understanding of the Group's receivable portfolios and industry. With respect to receivables from related parties, we assessed the quality of certain assets by the debtors held as collateral covering the carrying amount of the underlying receivable balances at December 31, 2023. We also independently assessed and verified the estimated fair value of such assets, which include traded listed shares and freehold land ownership by the debtors. Further, we reconciled the most critical data and inputs used in the ECL model, particularly the subtotal of receivables as segmented against the subsidiary ledger balances and the application of historical loss rates to the individual receivable segments. We also performed test of mathematical accuracy of the ECL calculation and other supporting information. We recalculated the impairment provisions and performed overall assessment of the adequacy of provision for ECL.

Other Information

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

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Other Matter

The financial statements of the Group as at December 31, 2022 and for the years ended December 31, 2022 and 2021 were audited by another firm of auditors whose report thereon dated May 24, 2023 expressed an unmodified opinion on those statements.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Roderick M. Danao.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 12, 2024, Makati City
TIN 152-015-078
BIR A.N. 08-000745-042-2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 10, 2024

Statement Required by Rule 68,
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
IPM Holdings, Inc.
Penthouse, The Taipan Place, F. Ortigas Jr. Road,
Ortigas Center, Pasig City

We have audited the consolidated financial statements of IPM Holdings, Inc. (the "Parent Company") and its Subsidiary (together, the “Group”) as at and for the year ended December 31, 2023, on which we have rendered our report dated April 10, 2024.

In compliance with Revised SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of work performed by us, the Parent Company has 105 stockholders owning one hundred (100) or more shares each as at December 31, 2023.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 12, 2024, Makati City
TIN 152-015-078
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Makati City
April 10, 2024

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

Statement Required by Rule 68,
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
IPM Holdings, Inc.
Penthouse, The Taipan Place, F.
Ortigas Jr. Road, Ortigas Center, Pasig City

We have audited the consolidated financial statements of IPM Holdings, Inc. (the "Parent Company") and its Subsidiary (together, the “Group”) as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 10, 2024. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, Map of Relationship of the Companies within the Group, and schedules A, B, C, D, E, F and G, as additional components required by Revised SRC Rule 68, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Revised SRC Rule 68.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 12, 2024, Makati City
TIN 152-015-078
BIR A.N. 08-000745-042-2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 10, 2024

IPM Holdings, Inc. and Subsidiary

Consolidated Statement of Financial Position
As at December 31, 2023
(With comparative figures as at December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
Assets			
Current assets			
Cash	2	65,428,554	25,528,045
Receivables, net	3	960,096,831	927,029,980
Other current assets, net	4	56,872,259	39,134,611
Total current assets		1,082,397,644	991,692,636
Non-current assets			
Investments in an associate and a joint venture	5	210,989,858	185,388,410
Deposits	6	1,988,034	1,988,034
Investment properties, net	7	50,427,269	101,881,105
Property and equipment, net	8	206,582,905	211,400,882
Right-of-use asset, net	9	2,845,803	-
Deferred income tax assets, net	17	12,298,289	13,622,746
Non-current portion of receivables	3	-	40,750,820
Other non-current assets	10	23,452,816	21,992,202
Total non-current assets		508,584,974	577,024,199
Total assets		1,590,982,618	1,568,716,835
Liabilities and Equity			
Current liabilities			
Trade and other payables	11	140,140,182	133,311,568
Lease liability	9	894,643	-
Income tax payable		2,030,327	2,222,895
Dividends payable	13	4,238,659	-
Loan payable	12	-	85,000,000
Total current liabilities		147,303,811	220,534,463
Non-current liabilities			
Provision for rehabilitation of sanitary landfills	20	50,061,522	31,275,298
Lease liability, net of current portion	9	1,546,138	-
Retirement benefit obligation	19	3,220,104	2,656,650
Total non-current liabilities		54,827,764	33,931,948
Total liabilities		202,131,575	254,466,411
Equity			
Share capital	13	690,000,000	690,000,000
Retained earnings	13	571,971,303	512,161,114
Accumulated share in other comprehensive loss of the associate	5	(259,452)	-
Other reserves	13	(299,821,473)	(298,697,437)
Total equity attributable to Parent Company		961,890,378	903,463,677
Non-controlling interest	25	426,960,665	410,786,747
Total equity		1,388,851,043	1,314,250,424
Total liabilities and equity		1,590,982,618	1,568,716,835

The notes on pages 1 to 51 are an integral part of these consolidated financial statements.

IPM Holdings, Inc. and Subsidiary

Consolidated Statement of Total Comprehensive Income
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in Philippine Peso)

	Notes	2023	2022	2021
Revenue and other income				
Service income	14	188,591,358	302,008,080	271,678,001
Equity in net earnings of an associate	5	49,860,900	37,715,199	53,884,320
Gain from sale of investment property	7	29,680,000	-	-
Interest income	2, 18	12,248,058	16,363,116	1,192,572
Rental income	7, 18, 21	5,171,304	5,695,093	3,664,200
Adjustment of provision for rehabilitation	20	2,181,666	-	-
		287,733,286	361,781,488	330,419,093
Cost and expenses				
Cost of services	15	(142,721,512)	(248,808,934)	(225,808,102)
General and administrative expenses	16	(45,580,807)	(59,889,347)	(34,689,545)
Provision for impairment loss on trade receivables	3	(2,551,718)	-	-
Interest expense	9, 12, 20	(7,299,672)	(7,278,989)	(5,188,437)
		(198,153,709)	(315,977,270)	(265,686,084)
Income before income tax		89,579,577	45,804,218	64,733,009
Provision for income tax	17	(8,430,478)	(4,254,420)	(4,738,226)
Net income for the year		81,149,099	41,549,798	59,994,783
Other comprehensive income (loss)				
Item will not be subsequently reclassified to profit or loss				
Remeasurement gain (loss) on retirement obligation, net of tax	19	(1,585,198)	250,872	(308,170)
Share in other comprehensive loss of the associate				
Item will not be subsequently reclassified to profit or loss				
Remeasurement loss on retirement obligation, net of tax	5	(259,452)	-	-
Other comprehensive income (loss) for the year		(1,844,650)	250,872	(308,170)
Total comprehensive income for the year		79,304,449	41,800,670	59,686,613
Net income attributable to:				
Shareholders of the Parent Company		59,810,189	30,282,966	44,112,115
Non-controlling interests		21,338,910	11,266,832	15,882,668
		81,149,099	41,549,798	59,994,783
Total comprehensive income attributable to:				
Shareholders of the Parent Company		58,426,701	30,471,120	43,880,988
Non-controlling interests		20,877,748	11,329,550	15,805,625
		79,304,449	41,800,670	59,686,613
Basic/Diluted earnings per share		0.09	0.04	0.06

The notes on pages 1 to 51 are an integral part of these consolidated financial statements.

IPM Holdings, Inc. and Subsidiary

Consolidated Statement of Changes in Equity
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in Philippine Peso)

	Equity attributable to shareholders of the Parent Company						
			Other reserves				
	Share capital (Note 13)	Retained earnings (Note 13)	Equity reserve (Note 13)	Actuarial losses on defined benefit obligation (Note 19)	Share in actuarial losses on defined benefit obligation of the associate	Non-controlling interests (Note 25)	Total equity
Balances at January 1, 2021	690,000,000	437,766,033	(298,498,391)	(156,073)	-	383,651,572	1,212,763,141
Total comprehensive income							
Net income	-	44,112,115	-	-	-	15,882,668	59,994,783
Other comprehensive loss	-	-	-	(231,127)	-	(77,043)	(308,170)
Total comprehensive income (loss) for the year	-	44,112,115	-	(231,127)	-	15,805,625	59,686,613
Balances at December 31, 2021	690,000,000	481,878,148	(298,498,391)	(387,200)	-	399,457,197	1,272,449,754
Total comprehensive income							
Net income	-	30,282,966	-	-	-	11,266,832	41,549,798
Other comprehensive income	-	-	-	188,154	-	62,718	250,872
Total comprehensive income for the year	-	30,282,966	-	188,154	-	11,329,550	41,800,670
Balances at December 31, 2022	690,000,000	512,161,114	(298,498,391)	(199,046)	-	410,786,747	1,314,250,424
Total comprehensive income							
Net income	-	59,810,189	-	-	-	21,338,910	81,149,099
Other comprehensive loss	-	-	-	(1,188,898)	(194,590)	(461,162)	(1,844,650)
Total comprehensive income (loss) for the year	-	59,810,189	-	(1,188,898)	(194,590)	20,877,748	79,304,449
Transaction with owners							
Dividends declaration (Note 13)	-	-	-	-	-	(4,703,830)	(4,703,830)
Balances at December 31, 2023	690,000,000	571,971,303	(298,498,391)	(1,387,944)	(194,590)	426,960,665	1,388,851,043

The notes on pages 1 to 51 are an integral part of these consolidated financial statements.

IPM Holdings, Inc. and Subsidiary

Consolidated Statement of Cash Flows
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in Philippine Peso)

	Notes	2023	2022	2021
Cash flows from operating activities				
Income before income tax		89,579,577	45,804,218	64,733,009
Adjustments for:				
Depreciation and amortization	7, 8, 9, 10	37,114,022	37,584,353	28,128,753
Interest expense	9, 12, 20	7,299,672	7,204,263	2,917,048
Provision for impairment losses on trade receivables	3	2,551,718	-	-
Provision for impairment losses on other current assets	4, 16	1,570,629	181,209	-
Retirement benefit expense	19, 16	474,791	709,989	611,067
Loss on receivables due to restructuring		-	25,964,264	-
Adjustment of provision for rehabilitation	20	(2,181,666)	-	-
Interest income	2, 18	(12,248,058)	(16,363,116)	(1,192,572)
Gain from sale of an investment property	7	(29,680,000)	-	-
Equity in net earnings of an associate	5	(49,860,900)	(37,715,200)	(53,884,320)
Operating income before working capital changes		44,619,785	63,369,980	41,312,985
Changes in working capital:				
Receivables		34,357,337	14,794,280	46,623,733
Other current assets		(23,179,577)	(23,534,398)	(4,869,963)
Trade and other payables		6,363,444	(8,179,993)	(21,506,071)
Net cash flows generated from operations		62,160,989	46,449,869	61,560,684
Interest received		22,972	144,551	12,252
Benefits paid directly from books	19	(2,287,272)	(1,050,000)	-
Income taxes paid		(2,886,123)	(7,654,350)	(9,972,713)
Net cash flows provided by operating activities		57,010,566	37,890,070	51,600,223
Cash flows from investing activities				
Proceeds from disposal of investment property	7	83,000,000	-	-
Dividends received from an associate	5	24,000,000	17,600,000	12,800,000
Increase in other non-current assets		(249,570)	1,248,053	(4,674,255)
Additions of intangibles	10	(3,073,868)	-	-
Acquisition of property and equipment	8	(31,546,922)	(25,291,222)	(72,506,977)
Payment of advances to landowners		-	(5,000,000)	(12,000,000)
Net cash flows provided by (used in) investing activities		72,129,640	(11,443,169)	(76,381,232)
Cash flows from financing activities				
Payments of principal portion of bank loans	12	(85,000,000)	(3,000,000)	(2,000,000)
Payments of interest on short-term bank loan	12	(3,990,127)	(5,007,600)	(2,917,048)
Payments of principal portion of lease liabilities	9	(236,762)	-	-
Payments of interest on lease liabilities	9	(12,808)	-	-
Net cash flows used in financing activities		(89,239,697)	(8,007,600)	(4,917,048)
Net increase (decrease) in cash		39,900,509	18,439,301	(29,698,057)
Cash at beginning of year	2	25,528,045	7,088,744	36,786,801
Cash at end of year	2	65,428,554	25,528,045	7,088,744

The notes on pages 1 to 51 are an integral part of these consolidated financial statements.

IPM Holdings, Inc. and Subsidiary

Notes to the Consolidated Financial Statements
As at and for the year ended December 31, 2023
(With comparative figures as at December 31, 2022 and for the years ended December 31, 2022 and 2021)
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

1 Corporate information

(a) General information

IPM Holdings, Inc. (the "Parent Company") was incorporated and organized in the Philippines on August 31, 1995, to engage in the business as an investment holding company. The registered office of the Parent Company, which is also its principal place of business is Penthouse, The Taipan Place F. Ortigas Jr. Road Ortigas Center, Pasig City.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker "IPM". As at December 31, 2023 and 2022, the percentage ownership of the top four beneficial shareholders of the Parent Company follows:

	Percentage of ownership
IPM Construction and Development Corporation (IPMCDC)	51%
IPM Environmental Services, Inc. (IPMESI)	10%
IPM Realty and Development Corporation (IPMRDC)	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were incorporated in the Philippines. The ultimate parent company is IPMCDC, a company incorporated in the Philippines and a duly organized construction firm with a contractors' license AAAA category in general building and general engineering works, engaged in building construction, excavation and slope protection, foundation works, roads, highways and bridges, mining, dam rehabilitation, and engineered sanitary landfill construction, among others.

The Parent Company's subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST) was incorporated in the Philippines. BEST is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services. The Parent Company owns 75% of the shareholding of BEST as at December 31, 2023 and 2022. The Parent Company and its subsidiary are collectively referred to as the "Group".

(b) Long term strategic goals and plans

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, the Group in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing further destruction of our natural resources.

On September 25, 2019, the Group entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment, operation and maintenances of the Passi City Integrated Waste Management Facility, the first PPP project awarded to the BEST. The facility was opened in 2021.

On June 15, 2022, the Group entered into another PPP project this time with the Provincial Government of Bataan for the design, construction, operation, maintenance and closure of the Bataan Engineered Sanitary Landfill Facility. This facility will commence its operations in the last quarter of 2024.

As at December 31, 2023, the Group is actively engaged in developing additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, the Group plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the IPM Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, the Group launched My Basurero App - a waste collection hailing app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

The Group believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. With this in mind, the Group launched the Trash to Cashback Program is an incentivized segregation at source program aiming to convert individuals to eco-warriors using environmental points, product incentives, gamification and challenges. The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, fast moving consumer goods, waste management solutions providers, recycling partners, and micro, small, and medium enterprises (MSMEs).

Trash to Cashback Program implemented in Quezon City was featured in BBC's Transforming Cities series (C40 series) last July 2023. The short film highlights how the program is able to improve the quality of life of ecowarriors in the city by giving access to recyclable drop off locations, and providing avenues to redeem their incentives, pay bills, goods and services.

Tindahan Extra Mile™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, the Group, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in the Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management. This endeavor expanded to Brgy. Lapasan for a Materials Recovery Facility (MRF) installation and capacity building anchoring the importance of at-source waste segregation and tailor-fit solutions to avoid environment waste leakage. MRF installation in the Port of Cagayan de Oro was also rolled out to ensure seamless waste management infrastructure after the initial baseline carried out.

Balik Bote Program in partnership with San Miguel Yamamura Packaging Corporation, aims to collect and recycle food and beverage glass bottles from the communities tapped by the Trash to Cashback Program. This program is taken a step notch by partners from Diageo Philippines, launching the Diageo Harmony Project in Trash to Cashback drop off locations in Bonifacio Global City since July 2023, and further expanded to key on-trade partners last November 2023.

With these new projects, the Group aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

(c) Approval of the consolidated financial statements

The accompanying consolidated financial statements of the Group were approved and authorized for issuance by the Board of Directors (BOD) on April 10, 2024.

2 Cash

Cash as at December 31 consist of:

	2023	2022
Cash on hand	318,261	164,710
Cash in banks	65,110,293	25,363,335
Total	65,428,554	25,528,045

Cash in banks earn interest at the prevailing bank deposit rate. Interest earned on cash in banks amounted to P0.02 million for the year ended December 31, 2023 (2022 - P0.14 million; 2021 - P0.1 million).

3 Receivables, net

Receivables, net as at December 31 consist of:

	Notes	2023	2022
Trade receivables			
Related parties	18	846,202,948	877,887,264
Local government units (LGUs)		23,442,640	20,180,123
Private entities		43,361,580	37,993,296
		913,007,168	936,060,683
Loans receivable	18	31,000,000	-
Other receivable from a related party	7, 18	17,000,000	-
Interest receivable	18	10,931,140	-
Advances to officers and employees		2,343,871	2,519,283
Others		1,689,688	1,773,332
		975,971,867	940,353,298
Allowance for impairment losses on trade receivables		(15,875,036)	(13,323,318)
		960,096,831	927,029,980

Trade receivables pertain to receivables from services rendered and rental of equipment earned by the Group in the ordinary course of its business operations. Trade receivables are non-interest bearing and are collectible on demand.

Advances to officers and employees mainly pertain to various advances for expenditures in relation to bidding activities of the Group. These are non-interest bearing and subject to liquidation within one (1) year.

The movements of the Group's allowance for impairment losses on trade receivables for the years ended December 31 are as follows:

	2023	2022
At January 1	13,323,318	13,323,318
Provision	2,551,718	-
At December 31	15,875,036	13,323,318

Non-current receivables as at December 31, 2022 consist of:

	Note	Amount
Loans receivable	18	31,000,000
Interest receivable	18	9,750,820
		40,750,820

There are no non-current receivables as at December 31, 2023.

4 Other current assets, net

Other current assets, net as at December 31 consist of:

	2023	2022
Prepayments	35,334,304	17,448,443
Deferred input value-added tax (VAT)	12,676,959	10,644,670
Input VAT	10,334,455	11,103,126
Creditable withholding taxes	6,515,305	7,865,655
Recyclables inventory	1,762,999	253,851
Miscellaneous deposits	15,669	15,669
	66,639,691	47,331,414
Less: Allowance for impairment loss	(9,767,432)	(8,196,803)
	56,872,259	39,134,611

Prepayments include prepaid real property taxes, advertisement and advances to suppliers for the services to be rendered in relation to trash to cashback software application of the Group.

Deferred input VAT pertains to the Group's input VAT on purchases of goods or services that can be claimed upon payment for the goods or services.

Input VAT arises from purchases of goods and services from VAT-registered suppliers.

Recyclables inventory pertains to recyclable materials which are traded by customers for the trash to cashback program.

Creditable withholding taxes can be applied against income tax payable.

Movements and details of allowance for impairment loss for the years ended December 31 are as follows:

	Note	2023	2022
At January 1		8,196,803	8,015,594
Provision	16	1,570,629	181,209
At December 31		9,767,432	8,196,803

For the years ended December 31, 2023 and 2022, the Group recognized provision for allowance of impairment loss on creditable withholding taxes, input VAT, and prepaid taxes as the management assessed that these are no longer recoverable.

5 Investments in an associate and a joint venture

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as at December 31 are as follows:

	Associate Metro Clark Waste Management Corporation (MCWM)		Joint Venture Ecoedge Resources Corporation (ERC)		Total	
	2023	2022	2023	2022	2023	2022
Cost	32,393,358	32,393,358	51,412,499	51,412,499	83,805,857	83,805,857
Accumulated share in net earnings (losses):						
Balance at January 1	152,995,052	132,879,852	(51,412,499)	(51,412,499)	101,582,553	81,467,353
Equity in net earnings	49,860,900	37,715,200	-	-	49,860,900	37,715,200
Dividends during the year	(24,000,000)	(17,600,000)	-	-	(24,000,000)	(17,600,000)
Balance at December 31	178,855,952	152,995,052	(51,412,499)	(51,412,499)	127,443,453	101,582,553
Accumulated share in other comprehensive loss:						
Remeasurement loss on retirement obligation, net of tax	(259,452)	-	-	-	(259,452)	-
	210,989,858	185,388,410	-	-	210,989,858	185,388,410

The reconciliation of the associate's and joint venture's net assets multiplied by the ownership interest and the carrying amount of each investment is shown in the table below:

	MCWM		ERC	
	2023	2022	2023	2022
Net assets	1,318,686,605	1,208,677,551	(28,458,010)	(18,178,593)
Dividends	-	(50,000,000)	-	-
	1,318,686,605	1,158,677,551	(28,458,010)	(18,178,593)
Ownership interest	16%	16%	60%	60%
Carrying value of investment	210,989,858	185,388,410	-	-

5.1 MCWM

MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field, Pampanga.

Significant financial information of the associate follows (amounts in thousands):

	2023	2022	2021
Current assets	722,471	732,975	440,844
Non-current assets	910,483	961,442	1,030,451
Total assets	1,632,954	1,694,417	1,471,295
Current liabilities	252,509	399,219	305,804
Non-current liabilities	61,759	86,521	112,533
Total liabilities	314,268	485,740	418,337

	2023	2022	2021
Gross revenue	1,592,738	1,385,517	1,307,796
Cost and expenses - net	1,234,802	1,108,395	827,242
Net profit before income tax	357,936	277,122	480,554
Net profit	311,631	235,720	336,777
Other comprehensive income (loss)	(1,622)	-	-
Total comprehensive income	310,009	235,720	336,777

The Group's dividend income from investment in an associate for the year ended December 31, 2023 amounted to P24 million (2022 - P17.60 million; 2021 - P12.80 million).

5.2 ERC

On November 6, 2013, the Group entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its registered address is Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

Significant financial information of the joint venture follows (amounts in thousands):

	2023	2022	2021
Current assets	19,038	16,381	19,203
Non-current assets	35,897	44,934	53,054
Total assets	54,935	61,315	72,257
Current liabilities	83,393	50,537	50,548
Non-current liabilities	-	28,956	30,674
Total liabilities	83,393	79,493	81,222
Revenue and other income	4,800	4,801	5,150
Cost of sales	12,036	11,822	11,774
General and administrative expenses	2,112	2,192	2,165
Loss before income tax	(9,348)	(9,213)	(8,789)
Net loss/Total comprehensive loss	(10,280)	(9,213)	(8,789)

The cumulative unrecognized share in net losses of ERC amounted to P22.31 million as at December 31, 2023 (2022 - P16.14 million; 2021 - P5.23 million).

There are no significant restrictions on the ability of the associate and the joint venture to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group.

6 Deposits

As at December 31, 2023 and 2022, the Group has outstanding deposits as surety bond amounting to P1.99 million. These deposits were made in favor of Group's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond.

7 Investment properties, net

Details and movements of investment properties, net as at and for the years ended December 31 are as follows:

	Notes	Land	Condominium units	Total
Cost				
January 1 and December 31, 2022		70,320,000	44,762,040	115,082,040
Transfers	8	-	29,237,960	29,237,960
Disposals		(70,320,000)	-	(70,320,000)
December 31, 2023		-	74,000,000	74,000,000
Accumulated depreciation				
January 1, 2022		-	11,820,364	11,820,364
Depreciation	16	-	1,380,571	1,380,571
December 31, 2022		-	13,200,935	13,200,935
Depreciation	16	-	2,145,842	2,145,842
Transfers	8	-	8,225,954	8,225,954
December 31, 2023		-	23,572,731	23,572,731
Net book values				
December 31, 2023		-	50,427,269	50,427,269
December 31, 2022		70,320,000	31,561,105	101,881,105

Land pertains to a property located in Taytay, Rizal with currently undetermined use. In 2023, the Group sold the land to a related party with a net book value of P70,320,000 for P100,000,000, which resulted in a gain of disposal of P29,680,000. For cash flow purposes, total uncollected proceeds from the sale of land amounted to P17,000,000 (Notes 3 and 18).

Condominium units consist of two (2) units leased out for office space. In 2023, the management decided to lease out one of the condominium units to a third party previously occupied by the Group. As such, the Group transferred the condominium unit from property and equipment with a cost and accumulated depreciation amounting to P29,237,960 and P8,225,954, respectively, to investment property.

Total rental income earned from the lease of condominium units for the year ended December 31, 2023 amounted to P4.13 million (2022 and 2021 - P2.45 million) (Note 21). There are no other direct operating expenses incurred in relation to these investment properties aside from depreciation for the three years ended December 31, 2023.

The Group's investment properties are initially measured at cost, including transaction costs. Thereafter, investment properties are accounted for using the cost model as the accounting policy elected by the Group.

As required by PAS 40, "Investment Property", entities that are measuring investment properties using the cost model are required to disclose the fair values. Accordingly, the Group obtained the service of an independent appraiser to determine the fair values of the land and condominium units. The details of fair value of land and condominium units as at December 31, are as follows:

Property	Valuation technique	Significant unobservable input	Appraisal date	Range	Fair Value*
2023					
Condominium unit	Sales comparison approach	Price per square meter	February 23, 2024	P239,252 to P268,660 per sqm	127,725,220
2022					
Condominium unit	Sales comparison approach	Price per square meter	March 30, 2023	P209,475 to P263,340 per sqm	60,237,366
Land	Sales comparison approach	Price per square meter	March 30, 2023	P20,672 to P31,500 per sqm	228,540,000
					288,777,366

**Fair value is based on average of the range value per square meter*

For land property and condominium units, the sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The fair value of the investment property is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation. For sales comparison approach, the inputs used were asking prices of similar listings and offerings. Significant increases or decreases in asking price would result in higher or lower fair value of the asset.

8 Property and equipment, net

Details and movements of property and equipment, net as at and for the years ended December 31 are as follows:

	Notes	Land and land improvements	Condominium unit and improvements	Transportation and heavy equipment	Office furniture and fixtures	Development costs	Leasehold Improvements	ARO - Asset (Note 20)	Construction-in-progress	Total
Cost										
At January 1, 2022		133,414,160	30,829,613	124,224,371	8,333,881	230,943,937	793,187	11,323,307	3,380,207	543,242,663
Additions		-	-	-	60,214	19,271,375	-	-	6,459,633	25,791,222
Other adjustments		(500,000)	-	-	-	-	-	-	-	(500,000)
At December 31, 2022		132,914,160	30,829,613	124,224,371	8,394,095	250,215,312	793,187	11,323,307	9,839,840	568,533,885
Additions		-	-	4,246,964	1,428,997	18,088,945	3,622,461	17,671,153	4,159,555	49,218,075
Transfers	7	-	(29,237,960)	-	-	-	-	-	-	(29,237,960)
At December 31, 2023		132,914,160	1,591,653	128,471,335	9,823,092	268,304,257	4,415,648	28,994,460	13,999,395	588,514,000
Accumulated depreciation and amortization										
At January 1, 2022		15,404,679	8,872,866	119,781,036	6,431,775	158,480,852	634,707	11,323,307	-	320,929,222
Depreciation and amortization	15, 16	3,700,036	899,834	2,399,387	1,894,261	27,163,762	146,501	-	-	36,203,781
At December 31, 2022		19,104,715	9,772,700	122,180,423	8,326,036	185,644,614	781,208	11,323,307	-	357,133,003
Depreciation and amortization	15, 16	3,877,774	18,366	2,107,778	171,837	26,496,095	11,978	340,218	-	33,024,046
Transfers	7	-	(8,225,954)	-	-	-	-	-	-	(8,225,954)
At December 31, 2023		22,982,489	1,565,112	124,288,201	8,497,873	212,140,709	793,186	11,663,525	-	381,931,095
Net book values										
At December 31, 2023		109,931,671	26,541	4,183,134	1,325,219	56,163,548	3,622,462	17,330,935	13,999,395	206,582,905
At December 31, 2022		113,809,445	21,056,913	2,043,948	68,059	64,570,698	11,979	-	9,839,840	211,400,882

The Group’s property and equipment have no restrictions or not pledged as security for any liability.

On July 1, 2023, the Group transferred the condominium unit to investment property previously used by the Group as office space with the cost and accumulated depreciation amounted to P29,237,960 and P8,225,954, respectively. No rental income generated from this property for the years ended December 31, 2022 and 2021. The Group leased out the condominium unit to a third-party in 2023 (Note 7).

For cashflow purposes, all additions in property and equipment except for ARO - Asset for the years ended December 31, 2023 and 2022 are fully paid within the same year.

Based on the results of management assessment, the Group believes that there are no indications that the property and equipment are impaired or the carrying values are not recoverable as at December 31, 2023 and 2022.

Depreciation and amortization for the years ended December 31 were charged to:

	Notes	2023	2022	2021
Cost of services	15	32,765,682	35,063,947	28,971,526
General and administrative expenses	16	258,364	1,139,834	992,425
		33,024,046	36,203,781	29,963,951

Joint Operation

On September 25, 2019, the Group entered into an agreement with the City of Passi, Iloilo (CLGU), a local government unit and a political subdivision of the Government of the Republic of the Philippines. The Project shall comprise of the planning, preparation, development, financing, engineering, construction, procurement, and installation of the Passi City Integrated Waste Management Facility, as well as its management, operation, maintenance, and physical closure, thereafter, including the transfer of the sanitary landfill upon termination date of the agreement. The Project shall be utilized as the final disposal site for solid waste generated by the members of the Passi City Cluster of LGUs. The Project site comprises of a parcel of land in Passi City, Iloilo, owned by the CLGU. The Group shall undertake the financing, design, engineering, construction and installation of the sanitary landfill, as well as its operation and maintenance, and conduct its physical closure and turn over to the CLGU at the termination of the agreement. In consideration of the services to be provided by the Group, Passi City and the member LGUs under the cluster shall pay the Group, on a monthly basis, a tipping fee per metric ton of solid waste disposed to the sanitary landfill. The parties shall have the following pro-rata participation interest of 82:18 (BEST:CLGU) based on the annual net income after tax of the Project. The agreement shall become effective upon signing date and will expire on the date when the sanitary landfill has been utilized up to its maximum capacity.

In 2019, the Group started the design and engineering of the sanitary landfill and has capitalized expenses as part of Development Cost. The Passi City Integrated Waste Management Facility opened in 2021.

The Group classified its joint arrangement with the CLGU as “Joint Operation” since the joint arrangement’s legal form does not confer separation between the parties and separate vehicle, the parties have the rights to the assets and obligations for the liabilities in proportion to the interests agreed by parties.

The Group’s share in the assets and liabilities of the Joint Operation as at December 31 and for the years then ended, which are consolidated line by line in the financial statements, are as follows:

	2023	2022
Current assets	15,953,534	6,641,342
Non-current assets	61,172,201	69,361,943
Total assets	77,125,735	76,003,285
Current liabilities	18,858,648	13,078,805
Non-current liability	18,741,883	-
Total liabilities	37,600,531	13,078,805

The non-current assets pertain to development cost which is included as part of “Development cost” presented under property and equipment.

Non-current liability pertains to the Group’s share in the total provision for rehabilitation of sanitary landfill (Note 20).

Below is the share of the Group on the net loss of the Joint Operation:

	2023	2022
Income	12,831,330	7,807,442
Cost and expenses	(17,488,724)	(17,214,285)
Net loss	(4,657,394)	(9,406,843)

9 Leases

9.1 The Group as a lessee

(a) Long-term lease agreements

On September 26, 2023, the Group entered into a lease agreement for the lease of office space commencing on November 1, 2023 until October 31, 2026. The fixed quarterly rental amounts to P267,010 subject to a 5% increasing rate annually. Also, the Group is required to pay security deposit amounting to P249,570 (Note 10).

(i) Right-of-use asset and lease liability in the consolidated statements of financial position

Details and movements of right-of-use asset, net as at and for the year ended December 31, 2023 are as follows:

	Amount
Cost	
January 1, 2023	-
Additions	2,927,113
December 31, 2023	2,927,113
Accumulated amortization	
January 1, 2023	-
Amortization (Note 16)	81,310
December 31, 2023	81,310
Net book value	2,845,803

In 2023, lease payments prior to commencement of lease is capitalized directly to right-of-use asset amounting to P249,570 which pertains to advance rental to be applied in the last quarter of the lease term.

Details and movements of lease liability as at and for the year ended December 31, 2023 are as follows:

	Amount
January 1, 2023	-
Additions	2,677,543
Interest expense	12,808
Payment of interest expense	(12,808)
Payment of principal	(236,762)
December 31, 2023	2,440,781
Current lease liability	894,643
Non-current lease liability	1,546,138

The lease agreements do not impose any covenants. Leased asset cannot be used as security for borrowing purposes.

(ii) Amounts recognized in the consolidated statements on total comprehensive income

Amounts recognized in the statements of total comprehensive income for the years ended December 31 related to all the lease agreements are as follows:

	Notes	2023	2022	2021
Expenses relating to short-term leases	15,16	34,103,530	25,626,579	19,867,658
Amortization	16	81,310	-	-
Interest expense		12,808	-	-
		34,197,648	25,626,579	19,867,658

The total cash outflow for the leases for the year ended December 31, 2023 is P34.35 million (2022 - P25.63 million; 2021 - P19.87 million).

(iii) Discount rate

The lease payments are discounted using either the discount rate implicit to the lease or the Group's incremental borrowing rate being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The discount rates applied by the Group ranges is 6.33%.

(iv) Extension and termination options

Extension and termination options are included in the lease agreements of the Group. These are used to maximize the operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable by the lessee upon consent of the lessor, hence, the extension and termination options have not been included in lease term.

(b) Short-term lease agreements

The Group has short-term various lease agreements for truck equipment rental, warehouse and transportation equipment, which are paid and billed on a monthly basis.

These lease agreements are considered short-term leases under PFRS 16: *Leases* since the lease term is less than 12 months.

9.2 The Group as a lessor

The Group entered into a lease agreement with a third party for a lease of condominium unit for a period of two (2) years effective from July 1, 2023 until June 20, 2025 and automatically expiring at the end of the lease term. Other relevant information is disclosed in Note 7.

10 Other non-current assets

Other non-current assets as at December 31 consist of:

	2023	2022
Advances to landowners	17,000,000	17,000,000
Intangible assets, net	6,203,246	4,992,202
Security deposit	249,570	-
	23,452,816	21,992,202

Advances to landowners pertain to a partial payment for purchase of land for a Public-Private Partnership project of the Group. As at reporting date, the Group is securing all the required permits and the requisite right-of-way acquisition necessary for the future operations of the project.

Intangible assets pertain to My Basurero App which was completed towards the end of 2021 and partnered to bXTRA wherein the customers earn cashback for every waste disposal. Details and movements of intangible assets as at and for the years ended December 31 are as follows:

	Note	2023	2022
Cost			
At January 1		6,240,253	6,240,253
Additions		3,073,868	-
At December 31		9,314,121	6,240,253
Accumulated amortization			
At January 1		1,248,051	-
Amortization	15	1,862,824	1,248,051
At December 31		3,110,875	1,248,051
Net book values		6,203,246	4,992,202

11 Trade and other payables

Trade and other payables as at December 31 consist of:

	Note	2023	2022
Trade payables			
Related parties	18	1,088,860	5,143,049
Third parties		6,080,957	1,053,521
		7,169,817	6,196,570
Deferred output VAT		96,189,586	101,633,047
Output VAT		23,042,056	17,733,439
Accrued expenses		8,339,298	1,612,618
Advances from customers		3,614,424	5,373,876
Payable to government agencies		1,785,001	762,018
		140,140,182	133,311,568

Trade payables comprise of payables in the contracting and consulting operations of the Group to provide waste disposal services. These are non-interest bearing and are due and demandable.

Payable to government agencies pertain to documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund, which are remitted within one month from the reporting period.

Accrued expenses pertain to accruals of professional fees, salaries and wages and professional services which are normally settled within 12 months.

12 Loan payable

On November 5, 2015, the Group obtained a loan from a local bank for working capital requirements amounting to P100 million and is due for settlement on October 20, 2016. The loan is unsecured and with interest rate of 4.00% per annum. The interest on loan is paid on a monthly basis and the principal was rolled over prior to its maturity.

On April 30, 2019, May 24, 2019 and October 29,2019, the Group paid P2 million each for the principal amount of the loan. The remaining P90 million was renewed in 2020 and 2021 and will mature in September 2022. Principal amount renewed bears interest payable monthly in arrears. Interest from November 21, 2019 to December 20, 2019 (29 days) shall be at 7.00% per annum. Payment of interest shall commence on November 21, 2019 and every month, thereafter until fully paid at prevailing rate. Interest expense on loan payable amounted to P3.99 million for the year ended December 31, 2023 (2022 - P5.08 million; 2021 - P5.19 million).

As at December 31, 2022, the outstanding balance of loan payable amounting to P85 million was fully settled in 2023. Interest rate is at 5.50% per annum. There is no outstanding loan payable as at December 31, 2023.

The net debt reconciliation as at December 31 is presented below:

		2023			2022		
	Note	Principal	Interest	Total	Principal	Interest	Total
At January 1		85,000,000	-	85,000,000	88,000,000	-	88,000,000
Non-cash movements		-	3,990,127	3,990,127	-	5,082,328	5,082,328
Cash flows		(85,000,000)	(3,990,127)	(88,990,127)	(3,000,000)	(5,082,328)	(8,082,328)
At December 31		-	-	-	85,000,000	-	85,000,000
Cash	2	-	-	(65,428,554)	-	-	(25,528,045)
Net debt (cash)				(65,428,554)			59,471,955

13 Equity

(a) Share capital

Share capital of the Parent Company as at December 31, 2023, 2022 and 2021 are as follows:

	Authorized		Issued	
	Shares	Amount	Shares	Amount
Common shares at P1 par value per share	740,000,000	740,000,000	690,000,000	690,000,000

In accordance with Annex 68-K of Revised SRC Rule 68, below is a summary of the Parent Company's track record of registration of securities.

Common shares	Number of shares registered	Issue/Offer price	Date of approval
180,000,000	180,000,000	1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

The Parent Company's unissued authorized capital stock amounted to P50,000,000 as at December 31, 2023, 2022 and 2021.

The number of holders of securities of the Parent Company as at December 31, 2023 and 2022 is 114 shareholders.

(b) Equity reserve arising from reverse acquisition

The equity reserve amounting to P298,498,391 pertains to the difference in capital structure of IPMHI and BEST and recognition of deficit of IPMHI during the date of acquisition in 2013, as the retained earnings of the consolidated financial statements represents retained earnings of BEST before acquisition adjusted by post-acquisition results of the Group. This transaction did not qualify as a business combination as defined in PFRS 3 "*Business Combination*" but a share-based payment transaction whereby BEST has received the net assets of the Parent Company.

(c) Retained earnings

As at December 31, 2023, the portion of retained earnings corresponding to the undistributed equity in net earnings of the associate amounted to P178,855,952 (2022 - P152,995,052), are not available for distribution as dividends until declared by the associate.

On December 15, 2023, the Board of Directors of BEST approved the declaration of cash dividends amounting to P30,001,575 or P0.05212 per share in favor of shareholders of record as of the date of declaration. On December 18, 2023, IPMHI and BEST agreed via an offsetting agreement to offset the payable from dividends declared by BEST on December 15, 2023 amounting to P25,297,745 against the outstanding advances payable by IPMHI to BEST as at this date amounting to P25,600,000. The remaining dividends declared to the non-controlling interest amounting to P4.70 million is outstanding as at December 31, 2023.

As at December 31, 2023, the Group's management retained the unappropriated retained earnings in anticipation of major capital intensive pipeline projects which will be implemented in 2024 and beyond.

14 Service income

Service income for the years ended December 31 consist of:

	Note	2023	2022	2021
Income from tipping fee		116,097,890	112,320,909	94,837,154
Hauling income	18	43,490,979	176,088,315	171,789,494
Trash to cashback		23,548,344	5,818,544	1,486,477
Consultancy/field services	18	5,454,145	7,780,312	3,564,876
		188,591,358	302,008,080	271,678,001

Income from tipping fee are the fees charged by the Group to customers, usually LGUs, for the given quantity of residual wastes received at the landfill facility.

Hauling income pertains to the house-to-house collection of garbage and delivery as well as waste collection from commercial and private establishments to the sanitary landfill of the waste collected. On August 28, 2020, IPMCDC and the Group's JV has entered into a service agreement with the Group for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed P13.50 million (VAT inclusive) per month. The agreement is subsequently renewed until January 31, 2023. It was no longer renewed thereafter. In 2023, the Group reported an income from this agreement which amounted to P12.05 million (2022 - P144.64 million, 2021 - P144.64 million) (Note 18).

Trash to cashback pertains to the fee from implementation of programs and activities for waste segregation and recyclable collection and the sale of recyclable materials derived from such programs and activities.

Consultancy/field services pertains to the Group's revenue from maintaining and operating the sanitary landfill facility in Passi City.

15 Cost of services

Cost of services for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Depreciation and amortization	8, 10	34,628,506	36,311,997	28,971,526
Rent	9, 18	33,736,409	25,444,437	19,636,494
Salaries, wages and employee benefits		22,107,234	13,074,684	10,749,648
Subcontracting costs	18	15,633,117	146,956,202	140,416,644
Fuel and oil	18	7,816,565	7,935,064	2,451,847
Transportation and travel		4,928,906	1,115,817	960,478
Supplies		2,960,206	899,111	1,272,274
Security and janitorial		2,734,159	3,050,044	1,720,026
Bidding		2,654,429	2,827,917	1,552,319
Taxes and licenses		1,978,223	2,306,814	11,669,555
Entertainment, amusement and recreation		1,626,011	904,028	1,015,852
Repairs and maintenance		1,493,066	3,857,025	849,331
Utilities		952,251	628,416	461,030
Professional fees		722,515	197,719	625,875
Others		8,749,915	3,299,659	3,455,203
		142,721,512	248,808,934	225,808,102

Others include management fees, bid expenses, subscription and documentation fees.

16 General and administrative expenses

General and administrative expenses for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Salaries, wages and employee benefits		13,849,655	12,870,395	11,969,245
Taxes and licenses		13,306,496	9,296,587	9,704,499
Professional fees		4,455,903	2,833,363	1,313,238
Depreciation and amortization	7, 8, 9	2,485,516	2,520,405	2,372,996
Provision for impairment loss	4	1,570,629	181,209	185,105
Advertising and promotion		1,565,828	219,795	821,510
Entertainment, amusement and recreation		1,383,129	1,051,092	1,405,840
Repairs and maintenance		1,009,913	552,352	718,061
Directors' fee		840,000	600,000	620,000
Fuel and oil		636,297	-	-
Office supplies		629,765	370,297	479,535
Transportation and travel		614,728	198,538	138,191
Retirement benefit expense	19	474,791	709,989	611,067
Stock exchange listing fee		469,885	494,025	559,125
Utilities		418,172	450,567	501,777
Rent	9	367,121	182,142	231,163
Insurance		-	89,008	31,003
Seminars and trainings		-	36,000	28,000
Loss on receivables due to restructuring	18	-	25,964,264	-
Others		1,502,979	1,269,319	2,999,190
		45,580,807	59,889,347	34,689,545

Other expenses include bank charges, membership fee, bid expense, uniform expense, subscription fee, testing fee and miscellaneous expense.

17 Income tax

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, Republic Act No. 11534, CREATE Act, was signed into law. The CREATE Act took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. Among the salient provisions of CREATE include changes to the corporate income tax as follows:

- lowering of regular corporate income tax (RCIT) rate to 20% from 30% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) from
- July 1, 2020;
- lowering of RCIT to 25% from 30% for all other domestic corporations from July 1, 2020; and
- for the period beginning July 1, 2020 until June 30, 2023, the minimum corporate income tax (MCIT) rate shall be 1%, instead of 2%; however, effective July 1, 2023, MCIT rate reverted to 2% based on gross income of the corporation.

Provision for income tax for the years ended December 31 are as follows:

	2023	2022	2021
Current	6,544,826	8,200,009	2,879,303
Deferred	1,885,652	(3,974,466)	2,385
Final	-	28,877	1,856,538
	8,430,478	4,254,420	4,738,226

The components of deferred income tax assets, net as at December 31 are as follows:

	2023	2022
Deferred income tax assets:		
To be recovered within 12 months		
Allowance for impairment losses on receivables	3,702,216	1,962,435
"Day 1" loss on receivables	-	2,830,827
To be recovered beyond 12 months		
Provision for rehabilitation of sanitary landfill, net	7,829,910	7,719,503
Retirement benefit obligation	805,026	1,109,981
Advance rental	62,393	-
	12,399,545	13,622,746
Deferred income tax liability:		
To be settled beyond 12 months		
Right-of-use asset, net of lease liability	(101,256)	-
	12,298,289	13,622,746

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Realization of the future tax benefits related to deferred income tax assets is dependent on many factors, including the Group's ability to generate taxable income in the future within the carry-over period of its unused tax losses and probability that future taxable income will be available against which these can be utilized in the future.

The movements in the deferred income tax assets, net for the years ended December 31 are as follows:

	Note	2023	2022
At January 1		13,622,746	11,332,892
Charged (Credited) to profit or loss		(1,885,652)	3,974,466
Charged (Credited) to other comprehensive income	19	561,195	(1,684,612)
At December 31		12,298,289	13,622,746

Details of deferred income tax assets of the Group that were not recognized as at December 31 since management believes that these may not be recovered in the immediately succeeding years are sourced from:

	2023	2022
Net operating loss carry-over (NOLCO)	13,225,084	9,418,104
Allowance for impairment losses:		
Financial assets	1,066,172	1,066,172
Other current assets, net	6,365,856	6,152,358
	20,657,112	16,636,634

The details of unrecognized deferred income tax assets on NOLCO at December 31 are as follows:

Year incurred	Year of expiration	2023	2022
2019	2022	-	3,524,852
2020	2025	2,938,801	2,938,801
2021	2026	3,266,935	3,266,935
2022	2025	3,212,368	3,212,368
2023	2026	3,806,980	-
		13,225,084	12,942,956
Less: Expired		-	(3,524,852)
		13,225,084	9,418,104
Tax rate		25%	25%
		3,306,271	2,354,526

In compliance with the National Internal Revenue Code of 1997 and as implemented under Revenue Regulation No. 14-2001, the net operating losses incurred can be carried over as a deduction from gross income for the next three (3) consecutive taxable years following the year of such loss.

Pursuant to Section 4 of Republic Act (RA) No. 11494, otherwise known as the “Bayanihan to Recover as One Act” and as implemented under Revenue Regulation No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The reconciliation between the statutory income tax and the effective income tax follows:

	2023	2022	2021
At statutory tax rate of 25%	22,394,894	11,451,055	16,183,252
Add (deduct) tax effects of:			
Non-deductible expenses	4,883,402	1,907,329	1,800,572
Derecognized deferred income tax asset	413,031	-	
Change in unrecognized deferred income tax asset	630,119	(541,922)	79,776
Expired NOLCO	-	881,213	736,957
Effect of changes on tax rate	-	-	(590,025)
Interest income subjected to final tax	(5,743)	(14,455)	(1,226)
Non-taxable income	(7,420,000)	-	-
Equity in net earnings of an associate	(12,465,225)	(9,428,800)	(13,471,080)
Effective income tax	8,430,478	4,254,420	4,738,226

18 Related Party Transactions (RPT)

In the normal course of business, the Group transacts with companies which are considered related parties.

The coverage of the Group’s Material Related Party Transactions is any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group’s total consolidated assets based on the latest audited financial statements. Transactions amounting to ten percent (10%) or more of the total consolidated assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Group’s policy.

Related Party Transaction Committee tasked with reviewing all material RPTs which should be composed of at least three (3) non-executive directors, two (2) of whom should be independent, including the Chairman. After the review and evaluation of the material RPTs, the committee shall endorse the same to the BOD for approval.

All individual material RPTs shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Group’s total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

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

		2023		2022		
	Notes	Transactions	Receivable (Payable)	Transactions	Receivable (Payable)	Terms and conditions
Trade receivables						
Shareholders						
IPMCDC (a) (b)		2,368,180	196,597,269	3,249,796	196,537,369	These receivables are collectible in cash, non-interest bearing, due and demandable. These are secured by traded shares and freehold land, with aggregate fair values higher than the carrying amount of receivables
IPMESI (d)		9,548,374	519,548,368	80,373,254	518,451,626	
IPMRDC (d)		-	34,687	-	34,687	
Affiliate						
JV BEST Inc. and IPMCDC (c)		12,053, 571	130,000,000	144,642,857	162,840,958	
Joint Venture						
ERC (e)		53,571	22,624	57,321	22,624	
	3		846,202,948		877,887,264	
Loans						
Joint Venture						
ERC (f)	3	-	31,000,000	-	31,000,000	This loan is collectible in cash, interest bearing, unsecured and due upon maturity
	3	1,180,320	10,931,140	1,180,320	9,750,820	
Other receivable						
Shareholder						
IPMCDC (h)		100,000,000	17,000,000	-	-	This receivable is collectible in cash, non-interest bearing, unsecured and due on demand
Trade payables						
Shareholder						
IPMCDC (g)		55,587,104	(1,088,860)	-	(5,143,049)	This is payable in cash, non-interest bearing, unsecured and due on demand
Accrued expenses						
Affiliate						
GNCA Holdings, Inc. (GNCA) (i)		105,000	-	180,000	-	
Per diem (j)						
Key management personnel		840,000	-	600,000	-	This is payable in cash, non-interest bearing, unsecured and due on demand
Salaries and other short-term benefits						
Key management personnel		9,342,608	-	8,977,523	-	This is payable monthly in cash, non-interest bearing, and unsecured
Retirement benefit obligation						
Key management personnel		195,025	-	221,335	-	Refer to Note 19

(a) BEST charged IPMCDC for transportation and heavy equipment rental fees. Total equipment rental income for the year ended December 31, 2023 amounted to P0.99 million (2022 - P3.2 million; 2021 - P1.16 million).

(b) In 2019, BEST had an agreement with IPMCDC that receivables will be collectible upon demand. Further, on December 27, 2019, BEST entered into a memorandum of agreement (MOA) with IPMCDC wherein the latter assigned 54,200,000 shares of the IPMHI to guaranty the former's receivables from IPMCDC amounting to P314.45 million.

On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables from IPMCDC due to be paid in installments until 2023. As a result, the Group recognized a loss on restructuring due to discounting amounting to P4.12 million in 2022 which is accounted as day-one loss and was presented under general and administrative expense. Interest income from accretion in value amounted to P1.50 million (2022 - P2.74 million) (Note 16).

In accordance with the MOA, as a consequence of default, upon 30 working days after prior written notice to IPMCDC, the pledged shares may be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMCDC shall have the right to redeem the pledged shares from BEST by paying the entire amount equivalent to the secured obligation.

As at December 31, 2023, the parties are currently negotiating the best mode of settlement without prejudice to the Group's right to demand the immediate sale of the collateral.

(c) On August 28, 2020, IPMCDC and the Group's JV has entered into a service agreement with BEST for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed P13.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2023; however, it was no longer renewed thereafter.

(d) In prior years, IPMESI has contracted BEST for the operation and maintenance of an Integrated Solid Waste Management Facility for a fixed monthly fee of P15.58 million. The contract was terminated in August 2017 and was not renewed in 2018 (see Note 21).

On April 26, 2018, BEST entered a MOA with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares, respectively, of IPMHI to guaranty BEST's receivables from IPMESI amounting to P693.75 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the IPMHI held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. As a result, the Group recognized a loss on restructuring due to discounting amounting P21.84 million in 2022 which is accounted as day-one loss which is presented under general and administrative expense. Interest income from accretion in value amounted to P9.55 million (2022 - P12.29 million) (Note 16).

In accordance with the MOA, as a consequence of default and upon 30 working days, after prior written notice to IPMESI and IPMRDC, the pledged shares may be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMESI and IPMRDC shall have the right to redeem the pledged shares from BEST by paying the entire amount equivalent to the secured obligation.

As at December 31, 2023, the parties are currently negotiating the best mode of settlement without prejudice to the Group's right to demand the immediate sale of the collateral.

On December 13, 2023, BEST and IPMESI executed a Memorandum of Understanding (MOU) stated in that should there be proceeds from the sale of substantially freehold land, as discussed below, owned by IPMESI the payment will be given to the following order: (1) all taxes, assessments and governmental charges; (2) all reasonable expenses of sales and (3) obligation to the Group. In event that the land of IPMESI is not sold, IPMESI agrees to offer the land as an additional security until the obligations are settled.

The land, which is free of any lien or encumbrances, has an estimated minimum fair value of P960 million (12 hectares at minimum value of P8,000 per square meter based on verifiable zonal value). Management estimates that the market value of the land, given its location and accessibility, is significantly higher than the zonal value. As at December 31, 2023, IPMESI is pursuing informal offers from major real estate developers, to buy the land.

(e) In January 2017, BEST entered a contract of lease with ERC, whereby the latter, shall lease a portion of BEST's office space. The lease term is until December 31, 2018, renewable upon mutual agreement by the parties. The contract renewed annually thereafter.

(f) In 2014, BEST granted loans to ERC amounting to P19 million with 3.864% interest rate per annum and P12 million with 3.718% interest rate per annum which are due and demandable. In 2018, BEST agreed with ERC the fixing of date of collection of the former's receivable to the latter. Receivables pertaining to interest receivables amounting to P3 million are collectible within (1) year. The principal amounting to P31 million and interest income and receivable amounting to P1.18 million are collectible within five (5) years from 2018.

In 2019, BEST agreed with ERC that the principal balance amounting to P31 million and interest receivable amounting to P6.21 million are collectible within five (5) years. Loan receivable from ERC amounted to P31 million as of December 31, 2023 and 2022.

(g) IPMCDC charges the Group for the rental of equipment, subcontracted services, salaries and wages, fuel and oil and repairs and maintenance costs incurred in line with the operations of BEST.

On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed P12.50 million (VAT inclusive) per month. The Group incurred subcontractor costs amounting to P11.06 million for the year ended December 31, 2023 (2022 - P133.92 million; 2021 - P140.42 million).

(h) In 2023, BEST sold a parcel of land under investment property to IPMCDC for a selling price of P100 million. As at December 31, 2023, the remaining uncollected proceeds amounted to P17 million (Notes 3 and 7).

(i) IPMHI entered into an agreement with GNCA, an entity controlled by one of the IPMHI's BOD, for the sharing of common costs incurred on the leased office space. The agreement provides that IPMHI shall pay fixed monthly utility charges of P15,000 exclusive of VAT in 2023 and 2022, in lieu of its proportionate share in monthly rentals on the leased premises. IPMHI has no unpaid utilities expense as at December 31, 2023 and 2022. The agreement is already terminated in July 2023.

(j) In 2013, the BOD of IPMHI approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD. In 2018, the BOD approved the 100% increase in the per diem of each director. Total per diem paid to the directors amounted to P0.84 in 2023 (2022 - P0.60).

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements for the years ended December 31:

	2023	2022
Receivables, net	302,255	21,500,000
Trade and other payables	302,255	21,500,000
Revenue	160,714	160,714
Dividend income	25,297,745	-
Reversal of impairment loss of receivables	7,500,000	-
General and administrative expenses	160,714	160,714

19 Retirement benefit obligation

The Group has a funded, non-contributory defined benefit pension plan that covers all regular full-time employees. Under its defined benefit plan, the Group provides a retirement benefit equal to 22.5 days' pay for every year of credited service in accordance with the Retirement Pay Law (RA 7641). The benefit is paid lump sum upon retirement or separation in accordance with the terms of the plan. The law does not require minimum funding of the plan.

The Group's retirement fund is administered by Metropolitan Bank and Trust Company (the Trustee) under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the Trustee. The fund is subject to the investment objectives and guidelines established by the Trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The Trustee is responsible for the investment strategy of the plan.

The latest actuarial valuation date of the Group's retirement plan is as of December 31, 2023.

Details of the Group's retirement benefits as at and for the years ended December 31 are as follows:

	2023	2022
Retirement benefit obligation	3,220,104	2,656,650
Retirement benefit expense	474,791	709,989
Remeasurements recognized in other comprehensive income (loss)	(1,585,198)	250,872

Details of retirement benefit obligation in the statements of financial position as at December 31 are as follows:

	2023	2022
Present value of defined benefit obligation	3,628,675	3,048,355
Fair value of plan assets	(408,571)	(391,705)
	3,220,104	2,656,650

Changes in the present value of the defined benefit obligation for the years ended December 31 follow:

	2023	2022
At January 1	3,048,355	3,847,511
Current service cost	288,825	542,067
Interest cost	213,385	186,604
Benefits paid directly by the Group	(2,287,272)	(1,050,000)
Remeasurement losses (gains) from:		
Change in financial assumptions	126,772	(304,480)
Experience adjustments	2,238,610	(173,347)
At December 31	3,628,675	3,048,355

Changes in the fair value of plan assets for the years ended December 31 follow:

	2023	2022
At January 1	391,705	385,202
Interest income	27,419	18,682
Loss on plan assets	(10,553)	(12,179)
At December 31	408,571	391,705

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	2023	2022
Unit investment trust funds	99.88%	99.88%
Deposits in banks	0.12%	0.12%
	100.00%	100.00%

There is no expected contribution to the defined benefit plan assets in 2024.

The retirement benefit expense recognized in the statements of total comprehensive income through profit or loss for the years ended December 31 is determined as follows:

	Note	2023	2022	2021
Current service cost		288,825	542,067	524,809
Net interest cost		185,966	167,922	86,258
	16	474,791	709,989	611,067

Movements in the net retirement benefit obligation for the years ended December 31 are as follows:

	2023	2022
At January 1	2,656,650	3,462,309
Expense charged to profit or loss	474,791	709,989
Remeasurement loss (gain) recognized in equity	2,375,935	(465,648)
Benefits paid directly from the books	(2,287,272)	(1,050,000)
At December 31	3,220,104	2,656,650

Movements in cumulative remeasurement loss on retirement benefit obligation in equity for the years ended December 31 are as follows:

	2023	2022
Cumulative remeasurements	2,408,889	(1,422,116)
Tax effect	(561,195)	1,684,612
	1,847,694	262,496

The present value of the defined benefit obligation is determined using an actuarial valuation, which involves making various assumptions. The principal assumptions used in determining pension benefits are as follows:

	2023	2022
Discount rate	6.07%	7.00%
Salary increase rate	2.00%	2.00%

The following sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

		Increase (decrease) in present value of defined benefit obligation	
	Change in variable	2023	2022
Discount rate	+100 bps	(135,770)	(118,253)
	-100 bps	153,254	132,076
Salary increase rate	+100 bps	158,130	137,518
	-100 bps	(142,182)	(124,891)

Changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

The weighted average duration of the defined benefit obligation is 4 years as at December 31, 2023 (2022 - 4.1 years). The maturity analysis of the undiscounted benefit payments as of December 31 are as follows:

	2023	2022
Less than 1 year	1,020,306	953,244
More than 1 year to 5 years	2,668,703	2,591,993
More than 5 years to 10 years	617,947	570,809
	4,306,956	4,116,046

20 Provision for rehabilitation of sanitary landfills

Details and movements of the provision for rehabilitation of sanitary landfills as at and for the years ended December 31 are as follows:

	2023	2022
At January 1	31,275,298	29,078,635
Additions	17,671,153	-
Accretion	3,296,737	2,196,663
Adjustment	(2,181,666)	-
At December 31	50,061,522	31,275,298

Under Republic Act 9003, the Ecological Solid Waste Management Act of 2000, the Group, being the owner and operator of the Facility is responsible for the proper physical closure of the Facility after it has been fully utilized up to its maximum capacity.

The Group shall prepare for both Morong and Passi Projects, carry out and complete a Closure Action Plan, which shall be approved by the Department of Environment and Natural Resources - Environmental Management Bureau (DENR - EMB). The implementation of the approved Closure Action Plan shall include the following:

a. Stabilization of critical slopes or reformation of shape/slope;
b. Provision of waste storage bank, suitable retaining wall or embankment structures;
c. Installation of final soil cover and suitable vegetation;
d. Provision of proper drainage systems to channel rainwater from the disposal site to the discharge drains; and;
e. Provision of adequate facilities for the management of the landfill gas and leachate.

In addition, the Group shall be responsible and shall provide for the post-closure management and post-closure land use of the Facility, including maintenance and rehabilitation activities after the physical closure of the sanitary landfill. The Group shall also continuously monitor the implementation of the Closure Action Plan of the landfill for a period of ten (10) years.

(a) Morong Project

In 2023, the Group made a reassessment of the timing of estimated funding of rehabilitation works for Morong Project to align with the full utilization of the total remaining capacity of the Facility which resulted in an adjustment to provision for rehabilitation amounted to P2,181,666.

(b) Passi Project

In 2023, the Group recognized an addition to the provision for closure and rehabilitation of Passi Sanitary Landfill which consist of 82% of the total future rehabilitation costs which is based on the pro-rata participation interest of 82:18 (Group: CLGU) as part of the agreement with the City of Passi.

As at December 31, 2023, the discount rate used to measure estimated liability for restoration cost is 6.06% (2022 - 7.65%).

Accretion expense is presented under interest expense in the consolidated statement of total comprehensive income.

The Group recognized the environmental obligations for its Passi and Morong Projects. Details of the Group's provision for rehabilitation of sanitary landfills as at December 31 are as follows:

	2023	2022
Morong	31,319,639	31,275,298
Passi	18,741,883	-
	50,061,522	31,275,298

21 Commitments

For the years ended December 31, 2023 and 2022, the Group has the following contractual commitments:

(a) In 2020, the Group entered into a Joint Venture Agreement (JVA) with IPMCDC for the purpose of collection, hauling and disposal of municipal solid wastes including street sweeping in Cagayan de Oro City (CDO) for 12 months beginning February 1, 2020. The agreement was further renewed until January 31, 2023 but it was no longer renewed thereafter. The JV between the Group and IPMCDC was registered as a taxable entity in 2020.

The capital contribution, participation interest in the net profits of the Joint Venture shall be shared by parties equally (50% - BEST, 50% - IPMCDC).

On August 28, 2020, IPMCDC and the Group's JV has entered into a service agreement with the Group for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed P13.50 million (VAT inclusive) per month.

On August 28, 2020, the Group has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed P12.50 million (VAT inclusive) per month.

(b) On June 19, 2019, the Group entered into a contract of lease with Megaxcess IT Solutions for a period of two (2) years beginning July 1, 2019 until June 30, 2021 which is further renewed until June 30, 2025 whereby the latter shall lease a portion of the Group's condominium office space. The rent income recognized for the years ended December 31, 2022 and 2021 amounted to P2.45 million.

(c) On July 12, 2023, the Group entered to another contract of lease of condominium office space with Megaxcess IT Solutions for a period of two (2) years beginning July 1, 2023 until June 20, 2025. The rent income recognized for the year ended December 31, 2023 amounted to P4.13 million (Note 7).

(d) The Group entered into contractual commitments with various municipalities of Rizal and Laguna for tipping and disposal of residual wastes. Each agreement is effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties. The related agreement is effective in 2023 and 2022.

(e) As at and for the years ended December 31, the amount of income recognized by the Group and outstanding balance per municipality follow:

	Income (in millions)		Outstanding balance (in millions)	
Municipality	2023	2022	2023	2022
Binangonan, Rizal	39.97	40.13	3.72	4.09
Angono, Rizal	16.10	18.51	3.85	3.86
Teresa, Rizal	9.20	7.71	1.28	1.08
Tanay, Rizal	8.89	7.99	2.09	2.60
Pililla, Rizal	7.40	6.90	2.08	1.92
Baras, Rizal	7.23	7.86	1.22	0.69
Morong, Rizal	4.92	4.21	4.30	4.54
Jalajala, Rizal	2.03	2.13	0.6	0.40
Cardona, Rizal	2.00	2.69	1.13	1.31
Famy, Laguna	1.41	0.41	0.27	0.21
Pakil, Laguna	0.99	0.19	0.08	0.18
Siniloan, Laguna	0.15	0.02	0.01	0.03
Taytay, Rizal	-	-	2.73	2.7
Pangil, Laguna	-	-	0.02	-
	100.29	98.75	23.38	23.61

22 Segment information

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	2023				
	Investment holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Service income	-	188,591,358	188,591,358	-	188,591,358
Rental income from external customer	-	5,171,304	5,171,304	-	5,171,304
Intersegment rental income	-	160,714	160,714	(160,714)	-
Interest income	187	12,247,871	12,248,058	-	12,248,058
Dividend income	25,297,745	-	25,297,745	(25,297,745)	-
Gain from sale of investment property	-	29,680,000	29,680,000	-	29,680,000
Adjustment of provision for rehabilitation	-	2,181,666	2,181,666	-	2,181,666
Gain from reversal of impairment loss on receivables	-	4,948,282	4,948,282	(4,948,282)	-
Equity in net earnings of an associate	-	49,860,900	49,860,900	-	49,860,900
	25,297,932	292,842,095	318,140,027	(30,406,741)	287,733,286
Cost and expenses					
Cost of services	-	142,721,512	142,721,512	-	142,721,512
General and administrative expenses	4,206,727	41,534,794	45,741,521	(160,714)	45,580,807
Provision for impairment loss on trade receivables	-	2,551,718	2,551,718	-	2,551,718
Interest expense	-	7,299,672	7,299,672	-	7,299,672
	4,206,727	194,107,696	198,314,423	(160,714)	198,153,709
Income before tax	21,091,205	98,734,399	119,825,604	(30,246,027)	89,579,577
Provision for income tax	-	10,680,478	10,680,478	(2,250,000)	8,430,478
Net income	21,091,205	88,053,921	109,145,126	(27,996,027)	81,149,099
Segment assets	485,659,753	1,380,024,593	1,865,684,346	(485,691,586)	1,379,992,760
Investments in an associate and a joint venture	-	210,989,858	210,989,858	-	210,989,858
Total assets	485,659,753	1,591,014,451	2,076,674,204	(485,691,586)	1,590,982,618
Segment liabilities	1,054,791	201,393,370	202,448,161	(316,586)	202,131,575
Capital expenditures	-	49,218,075	49,218,075	-	49,218,075
Depreciation and amortization	-	37,114,022	37,114,022	-	37,114,022

	2022				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Service income	-	302,008,080	302,008,080	-	302,008,080
Rental income from external customer	-	5,695,093	5,695,093		5,695,093
Intersegment rental income	-	160,714	160,714	(160,714)	-
Interest income	167	16,362,949	16,363,116	-	16,363,116
Equity in net earnings of an associate	-	37,715,199	37,715,199	-	37,715,199
	167	361,942,035	361,942,202	(160,714)	361,781,488
Cost and expense					
Cost of services	-	248,808,934	248,808,934		248,808,934
General and administrative expenses	3,517,657	56,532,404	60,050,061	(160,714)	59,889,347
Interest expense	-	7,278,989	7,278,989	-	7,278,989
	3,517,657	312,620,327	316,137,984	(160,714)	315,977,270
Income (loss) before tax	(3,517,490)	49,321,708	45,804,218	-	45,804,218
Provision for income tax	36	4,770,718	4,770,754	(516,334)	4,254,420
Net income (loss)	(3,517,526)	44,550,990	41,033,464	516,334	41,549,798
Segment assets	485,536,011	1,398,929,742	1,884,465,753	(501,137,328)	1,383,328,425
Investments in an associate and a joint venture	-	185,388,410	185,388,410	-	185,388,410
Total assets	485,536,011	1,584,318,152	2,069,854,163	(501,137,328)	1,568,716,835
Segment liabilities	22,022,253	253,972,812	275,995,065	(21,528,654)	254,466,411
Capital expenditures	-	25,291,222	25,291,222	-	25,291,222
Depreciation and amortization	-	37,584,353	37,584,353	-	37,584,353
Loss on receivables due to restructuring	-	25,964,264	25,964,264	-	25,964,264

	2021				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Service income	-	271,678,001	271,678,001	-	271,678,001
Rental income from external customer	-	3,664,200	3,664,200	-	3,664,200
Intersegment rental income	-	160,714	160,714	(160,714)	-
Interest income	327	1,192,245	1,192,572	-	1,192,572
Equity in net earnings of an associate	-	53,884,320	53,884,320	-	53,884,320
	327	330,579,480	330,579,807	(160,714)	330,419,093
Cost and expenses					
Cost of services	-	225,808,102	225,808,102	-	225,808,102
General and administrative expenses	3,536,148	31,314,111	34,850,259	(160,714)	34,689,545
Interest expense		5,188,437	5,188,437	-	5,188,437
	3,536,148	262,310,650	265,846,798	(160,714)	265,686,084
Income (loss) before tax	(3,535,820)	68,268,829	64,733,009	-	64,733,009
Provision for income tax	65	4,738,161	4,738,226	-	4,738,226
Net income (loss)	(3,535,885)	63,530,668	59,994,783	-	59,994,783
Segment assets	485,665,094	1,381,625,094	1,867,290,188	(498,425,000)	1,368,865,188
Investments in an associate and a joint venture	-	165,273,210	165,273,210	-	165,273,210
Total assets	485,665,094	1,546,898,304	2,032,563,398	(498,425,000)	1,534,138,398
Segment liabilities	18,633,810	261,354,834	279,988,644	(18,300,000)	261,688,644
Capital expenditures	-	72,506,977	72,506,977	-	72,506,977
Depreciation and amortization	-	28,128,753	28,128,753	-	28,128,753

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports to assess performance of the Group.

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated at consolidation.

All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8 "*Operating Segments*".

Service and rental income derived from IPMCDC, IPMESI and IPMRDC amounted to P33.83 million in 2023 (2022 - P147.84 million, 2021 - P145.81 million).

23 Basic/Diluted Earnings per Share

Basic/diluted earnings per share as at and for the years ended December 31 was computed as follows:

	2023	2022	2021
Net income attributable to equity holders of the Parent Company	59,810,189	30,282,966	44,112,115
Weighted average number of outstanding common shares	690,000,000	690,000,000	690,000,000
December 31	0.09	0.04	0.06

The basic EPS is equal to the diluted EPS since the Group has no potential shares that will have a dilutive effect on EPS.

24 Financial risk and capital management; Critical accounting estimates, assumptions and judgments

24.1 Financial risk management

The Group's principal financial assets and liabilities comprise of cash, receivables (excluding advances to officers and employees), deposits, due to/from related parties, trade and other payables (excluding payable to government agencies), lease liability, dividends payable, and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on market risk, credit risk and liquidity risk. It also supports the effective implementation of policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's financial statements are market risk, credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

24.1.1 Market risk

Cash flow and fair value interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management believes that the related cash flow risk on bank deposits is relatively low due to immaterial changes in interest rates within the duration of these financial instruments.

The Group's interest rate risk arises from interest-bearing borrowings. The Group has long-term borrowings issued at fixed interest rates and carried at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

As at December 31, 2022, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, net income for the year and equity would have been P1.53 million lower/higher (2021 - P0.53 million), mainly as a result of higher/lower interest expense on borrowings.

In 2023, loans from bank are fully settled, hence, there is no more interest rate risks.

24.1.2 Credit risk

Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash in banks, receivables and deposits. Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets at amortized costs of the Group as at December 31:

	Notes	Gross maximum exposure	Fair value of collateral	Net exposure
2023				
Cash in banks	2	65,110,293	-	65,110,293
Receivables:				
Trade				
Related parties	3	846,202,948	832,744,368	13,458,580
LGUs	3	23,442,640	-	23,442,640
Private entities	3	43,361,580	-	43,361,580
Loans	3	31,000,000	-	31,000,000
Interest	3	10,931,140	-	10,931,140
Other receivable from a related party	3	17,000,000	-	17,000,000
Deposits	6	1,988,034	-	1,988,034
Security deposits	10	249,570	-	249,570
		1,039,286,205	832,744,368	206,541,837
2022				
Cash in banks	2	25,363,335	-	25,363,335
Receivables:				
Trade				
Related parties	3	877,887,264	816,724,305	61,162,959
LGUs	3	20,180,123	-	20,180,123
Private entities	3	37,993,296	-	37,993,296
Loans	3	31,000,000	-	31,000,000
Interest	3	9,750,820	-	9,750,820
Deposits	6	1,988,034	-	1,988,034
		1,004,162,872	816,724,305	187,438,567

To manage credit risks on receivables from LGUs and private entities, the Group only transacts with counterparties with strong credit capacity and financial condition.

The gross maximum exposure to credit risk of the Group approximates its net maximum exposure. Information on the guarantees and collaterals to secure the receivables from related parties are disclosed in Note 18.

Credit quality

The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 90 days past due, and based on change in rating, delinquencies, and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies, and payment history, demonstrate significant increase in credit risk, and/or are considered more than 90 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Group's financial assets as at December 31:

	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
2023				
Cash in banks	65,110,293	65,110,293	-	-
Receivables				
Trade	913,007,168	65,845,538	835,254,311	11,907,319
Loans	31,000,000	-	31,000,000	-
Interest	10,931,140	-	10,931,140	-
Other receivable from a related party	17,000,000	-	17,000,000	-
Deposits	1,988,034	1,988,034	-	-
Security deposits	249,570	249,570	-	-
	1,039,286,205	133,193,435	894,185,451	11,907,319
2022				
Cash in banks	25,363,335	25,363,335	-	-
Receivables				
Trade	936,060,683	44,850,101	877,887,264	13,323,318
Loans	31,000,000	-	31,000,000	-
Interest	9,750,820	-	9,750,820	-
Deposits	1,988,034	1,988,034	-	-
	1,004,162,872	72,201,470	918,638,084	13,323,318

To manage credit risk on material related party balances, the Group holds, as securities for the outstanding balances, certain significant assets of the debtors comprising of traded shares and freehold land, all covered by enforceable agreements mutually signed by both parties.

24.1.3 Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. To manage liquidity, the Group management aims to tap into credit facilities with various financial institutions, as and when additional funds are necessary. It maintains an adequate cash and cash equivalents in the event of unforeseen interruption of its cash collections.

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at December 31 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	More than one year	Total
2023					
Financial assets					
Cash	65,428,554	-	-	-	65,428,554
Receivables:					
Trade	913,007,168	-	-	-	913,007,168
Loan	31,000,000	-	-	-	31,000,000
Interest	10,931,140	-	-	-	10,931,140
Other receivables	17,000,000	-	-	-	17,000,000
Deposits	-	-	-	1,988,034	1,988,034
Security deposits	-	-	-	249,570	249,570
	1,037,366,862	-	-	2,237,604	1,039,604,466
Financial liabilities					
Trade and other payables*	-	15,509,115	-	-	15,509,115
Dividends payable	-	4,238,659	-	-	4,238,659
Lease liability	-	249,570	774,540	1,625,618	2,649,728
	-	19,997,344	774,540	1,625,618	22,397,502

**Excluding payable to government agencies, advances from customers, output VAT and deferred output VAT*

	On demand	Less than 3 months	3 to 12 months	More than one year	Total
2022					
Financial assets					
Cash	25,528,045	-	-	-	25,528,045
Receivables:					
Trade	27,915,374	19,829,754	31,265,572	857,049,983	936,060,683
Loan	-	-	-	31,000,000	31,000,000
Interest	-	-	-	9,750,820	9,750,820
Deposits	-	-	-	1,988,034	1,988,034
	53,443,419	19,829,754	31,265,572	899,788,837	1,004,327,582
Financial liabilities					
Trade and other payables*	-	7,809,188	-	-	7,809,188
Loan payable	-	-	85,000,000	-	85,000,000
Future interest	-	1,168,750	1,168,750	-	2,337,500
	-	8,977,938	86,168,750	-	95,146,688

**Excluding payable to government agencies, advances from customers, output VAT and deferred output VAT*

24.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group considers total equity (excluding other comprehensive loss, accumulated share in other comprehensive loss of joint venture, and non-controlling interest) as its capital.

The Group is not subject to any externally imposed capital requirements arising from debt covenants and other similar instruments.

24.3 Fair value estimation

The carrying amounts of current financial assets and current financial liabilities are assumed to approximate their fair values, due to the liquidity, short maturities and nature of such items. Non-current portion of receivables and lease liabilities approximates market rates.

24.4 Fair value hierarchy

As at December 31, 2023 and 2022, the Group has no financial instrument carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

24.5 Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of the contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

24.5.1 Critical judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

(a) Assessment of control

The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the Parent Company has the following characteristics:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies.

As at December 31, 2023 and 2022, the BEST holds 60% interest in Ecoedge Resources Corporation (ERC), which is accounted as investment in joint venture.

Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of the BEST and Lafarge Industrial Ecology International, S.A (LIEI), which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholder's resolution;
- ERC shall be governed by the BOD that will comprise five (5) directors (three (3) nominated by BEST and two (2) nominated by LIEI), whereby four (4) directors shall be required to pass a board resolution.

(b) Assessment of significant influence

The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.
As of December 31, 2023 and 2022, the Group holds 16% interest in Metro Clark Waste Management Corporation (MCWM), which is accounted as investment in associate. The Group exercises significant influence in MCWM due to the presence of the BEST's representatives in the Board of MCWM. Hence, the Group, effectively has a participation in the policy-making processes of MCWM.

(c) Recognition of deferred income tax assets

The Group performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Group's assessment on the recognition of deferred tax assets on future deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

The carrying amount of deferred income tax assets as at December 31, 2023 amounted to P12.40 million (2022 - P13.62 million) (Note 17).

24.5.2 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Estimation of allowance for expected credit losses on receivables

The Group uses a provision matrix to calculate ECLs for its receivables. The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. In determining the credit loss, the Group takes into account the quality of the securities it holds and the financial capacity of the related parties.

The Group's trade receivables amounting to P716.15 million are secured by shares of stocks of the Parent Company and freehold land as of December 31, 2023 and (2022 - P759.92 million) (Note 18). These credit enhancements are considered in the calculation of ECL.

The allowance for expected credit losses on receivables amounted to P15.88 million as of December 31, 2023 (2022 - P13.32 million) (Note 3).

(b) Estimation of provision for rehabilitation of sanitary landfill

The Group is legally required to rehabilitate the land used as landfill through the performance of certain maintenance and monitoring functions at site. These costs are accrued based on internal estimates which include costs of certain environmental monitoring system costs (i.e., road, drainage, soil cover, greening costs and leachate management), cost for general administration (i.e., utilities and administration facilities), and security services.

Assumptions used to compute provision for rehabilitation of sanitary landfill are reviewed and updated annually by the Group. As at December 31, 2023 and 2022, the cost of asset rehabilitation obligation is computed based on the Group's assessment on expected costs to be incurred and timing of rehabilitation procedures.

The present value of the liability is measured by discounting the expected cash flows using a discount factor that reflects the risk-free rate of interest. The estimates of the timing and amounts of expected cash flows are prepared when the liability is incurred, which are updated to reflect changes in facts and circumstances (Note 20). The Group considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding these changes in estimates of the timing and amount of expected cash flows when the liability is actually incurred. One or more of the assumptions may differ significantly and as a result, the present value of the estimated liability at the reporting date may differ significantly from amount reported.

As at December 31, 2023, the carrying amount of Group's provision for rehabilitation of sanitary landfill amounted to P50.06 million (2022 - P31.28 million) (Note 20).

(c) Determining estimated total capacity, utilized capacity and development costs used as landfill

The Group estimates the capacity based on actual volume and compacted volume of trash received. Determined utilization rate is used to depreciate the land used as sanitary landfill and the related development cost, this rate is annually assessed and reviewed based on the actual utilization during the year including the remaining capacity of the landfill.

The Group reviews annually the utilization rate of the land and development costs and on factors that include asset use, internal technical evaluation, and technological and environmental changes, and anticipated use of the assets. Changes in data and/or assumptions could cause reserve estimates to substantially change from period to period. If the total capacity as of January 1, 2023 is increased by 1%, amortization expense would have been P0.82 million lower, while if it is decreased by 1%, amortization expense would have been P0.84 million higher

(d) Recoverability of non-financial assets

The Group assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As at December 31, 2023 and 2022, the Group believes that there are no indicators that the carrying amounts of its non-financial assets, primarily property and equipment, right-of-use asset, as well as certain investments, are not recoverable.

(e) Estimating retirement benefit obligations

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

In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines. Further details about the assumptions used are provided in Note 19.

(f) Determining incremental borrowing rate

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Any change in the rates would have direct impact on interest expense for the period and on lease liabilities. Based on the sensitivity analysis performed, the impact on income before tax during 2023 of a 100 basis points increase in the discount rate, with all other variables held constant, is a decrease by 0.09%, P0.07 million on the Group's reported operating income. No lease qualified under PFRS 16, *"Leases"* in 2022 and 2021.

(g) Estimated useful life of property and equipment

The Group's management determines the estimated useful lives for its property and equipment based on the period over which the assets are expected to be available for use. The Group annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could materially be affected by changes in these estimates brought about by changes in factors mentioned. If the actual useful lives of these assets are prospectively prolonged or shortened by one (1) year at the beginning of the year, depreciation for the year ended December 31, 2023 would have been lower by P P0.82 million or higher by P0.84 million (2022 - lower by P0.79 million or higher by P0.81 million; 2021 - lower by P0.78 million or higher by P0.79 million).

25 Summary of material accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention except for fair value of plan assets.

The consolidated financial statements comprise the financial statements of the Parent Company and BEST.

The consolidated financial statements are prepared based on the principles that the subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the parent obtains control, and continues to be consolidated until the date that such control ceases.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest (NCI) represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the equity holders of the Parent Company.

Assessment of control

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary are included in the consolidated statements of financial position and consolidated statements of comprehensive income from the date the Group gains control at the subsidiary until the date the Group losses the control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring its accounting policies in line with the accounting policies of the Group.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation adjustments recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

As at December 31, 2023 and 2022, NCI pertains to ownership of individuals and companies other than the Parent Company of BEST.

The financial information of BEST, with material NCI, is provided below. This information is based on amounts before intercompany eliminations.

	2023	2022
Proportion of equity interests held by NCI	25%	25%
Voting rights held by NCI	25%	25%
Accumulated balances of NCI	426,960,665	410,786,747
Net income allocated to NCI	21,338,910	11,266,832
Comprehensive income allocated to NCI	20,877,748	11,329,550

	2023	2022	2021
Current assets	1,082,429,477	1,005,560,286	990,283,650
Non-current assets	508,584,974	579,274,201	557,145,318
Current liabilities	146,565,605	220,040,867	228,828,216
Non-current liabilities	54,827,764	33,931,948	32,540,944
Total equity	1,389,621,082	1,330,861,672	1,286,059,808
Total comprehensive income for the year	88,760,985	44,801,865	63,738,835
Cash flow from operating activities	56,867,072	39,341,934	54,105,841
Cash flow from investing activities	72,129,644	(12,691,222)	(76,381,232)
Cash flow from financing activities	(89,239,697)	(8,082,328)	(7,188,437)

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

The preparation of the financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 24.

Changes in accounting policies and disclosures

(a) New standards, and amendments and interpretations to existing standards applied by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2023:

- Disclosure of accounting policies - Amendments to PAS 1 and PFRS Practice Statement 2

PAS 1, "Presentation of Financial Statements" was amended to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the PFRS Practice Statement 2 Making Materiality Judgments was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group assessed, considering both the quantitative and qualitative characteristics, whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

The effects of adoption of amendments to PAS 1 and PFRS Practice Statement 2 as at January 1, 2023 are considered in the Summary of material accounting policies disclosed in the financial statements.

- Definition of accounting estimates - amendments to PAS 8

The amendment to PAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The adoption did not have a significant impact on the Group's consolidated financial statements as at December 31, 2023 and 2022.

- Deferred tax related to assets and liabilities arising from a single transaction - amendments to PAS 12

The amendments to PAS 12, "Income Taxes" require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in the opening balance of retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The amendments listed above did not have any impact on the amounts recognized in the prior and current periods and are not expected to significantly affect future periods.

(b) New standards, and amendments and interpretations to existing standards not yet adopted by the Group

Certain new accounting standards, and amendments and interpretations to accounting standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

25.2 Current versus Non-current Classification

The Group presents assets and liabilities in statement of financial position based on current or non-current classification.

An asset as current when it is:
(a) Expected to be realized or intended to be sold or consumed in normal operating cycle;
(b) Held primarily for the purpose of trading;
(c) Expected to be realized within twelve months after the reporting period; or
(d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(a) It is expected to be settled in normal operating cycle;
(b) It is held primarily for the purpose of trading;
(c) It is due to be settled within twelve months after the reporting period; or
(d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

25.3 Financial instruments

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

25.3.1 Financial assets

(a) Initial recognition of financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

As of December 31, 2023, and 2022, the Group's financial assets pertain to financial assets at amortized cost (debt instruments).

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

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

As of December 31, 2023 and 2022, the Group's financial assets at amortized cost includes cash, receivables and deposits.

(c) Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment of financial assets

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

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate (Note 3).

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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

For cash in bank, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such 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. To estimate the ECL, the Group uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Group determines the ratings by reference to a comparable bank.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 30 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

25.3.2 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As of December 31, 2023 and 2022, the Group's financial liabilities include trade and other payables (other than payable to government agencies, advances from customers, output VAT and deferred output VAT which is covered by other accounting standard), lease liability, loan payable and dividend payable.

(b) Loans and borrowings and other payables

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings, and other payables are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies trade and other payables (other than payable to government agencies and deferred output VAT which is covered by other accounting standard), lease liability, loan payable and dividend payable.

(c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

25.3.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

25.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

All assets for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3: valuation techniques for which lowest level input that is significant to the fair value measurement is observable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties.

The Group in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

Financial instruments

The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices (any price between the bid and ask spread), without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

Non-financial asset

Fair value measurement of non-financial asset, such as investment property, property and equipment and investments in an associate and joint venture takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

25.5 Other current assets, net

Other current assets include prepayments representing expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time. Input VAT and creditable withholding tax are recognized as assets to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related tax liability within the period prescribed by the relevant tax laws.

25.6 Investments in an associate and a joint venture

Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

A joint venture is an entity, not being a subsidiary or an associate, in which the Group exercises joint control together with one or more venturers. Investments in an associate and a joint venture are accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate and joint venture are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate and joint venture, less dividends declared and impairment in value. If the Group's share of losses of an associate and joint venture equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. The interest in an associate and a joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture. After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate and joint venture. The profit or loss reflects the Group's share in the results of operations of its associate and joint venture. This is included in the "equity in net earnings (losses) of an associate and a joint venture" account. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture.

When there has been a change recognized directly in the equity of the associate and joint venture, the Group recognizes its share of any change and discloses this, when applicable, in equity.

The reporting dates of the associate, joint venture and the Group are identical and the accounting policies of the associate and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associate and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at fair value and will subsequently be measured using the policy on financial assets. Any difference between the carrying amount of the associate and joint venture upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

25.7 Interest in a joint operation

The Group has an interest in a joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. The Group's interest in the joint arrangement is classified as a joint operation and recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line in its consolidated financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies into line with those of the Group.

25. 8 Investment property

Property held for long-term rental and/or capital appreciation are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property, except land, is stated at cost, less any accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any accumulated impairment losses.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction or development. Depreciation of investment property is computed using the straight-line method over the estimated useful life of 35 years.

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from its investment property.

25.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Costs of construction projects in progress are accumulated in the "Construction in progress" account under "Property and equipment" in the consolidated statement of financial performance until these projects are completed, upon which these are classified to the appropriate property and equipment accounts and accordingly depreciated.

Depreciation of property and equipment, other than land and identified development cost specific to the landfill cells, is computed using the straight-line method over the following estimated useful lives:

	Years
Condominium units and improvements	35
Development costs	5 to 15
Transportation and heavy equipment	5 to 10
Office furniture and fixtures	2 to 5
Leasehold improvements	5 or over the period of lease term, whichever is shorter

The Group's land improvements used as sanitary landfill and identified development costs specific to the landfill cells are depreciated and amortized using the unit of production method (i.e., volume of landfill utilized over the total landfill utilization capacity). Land is not depreciated.

The estimated useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The initial estimate of the costs of rehabilitation of the sanitary landfill is included in property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

25.10 Intangible assets

Intangible assets pertain to software for My Basurero App which is accounted for under the cost model. The cost is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire the asset at the time of its acquisition. Amortization is computed on the straight-line basis over the estimated useful lives of five (5) years.

The Group annually tests the asset for impairment by comparing its carrying amount with its recoverable amount, and recognizing any excess of the carrying amount over the recoverable amount as an impairment loss.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

25.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in an associate and a joint venture

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of fair value less cost to sell or value-in-use) and the carrying value of the investments in an associate or a joint venture and recognizes the difference in profit or loss.

25.12 Provision for rehabilitation of sanitary landfills

The Group is legally required to rehabilitate the land used as landfill through performance of certain maintenance and monitoring functions at site for a minimum of ten (10) years.

Although rehabilitation costs will only be incurred and paid when the last phases/cells of the landfill reach final waste elevation, the event that gives rise to the obligation is the actual development and operations conducted by the Group in the landfill.

The provision for rehabilitation is made based on historical experience and benchmarking of costs from other similar operations undertaken by companies within the same industry.

The estimated cost of provision for rehabilitation of sanitary landfills was recognized by the Group as property and equipment under "ARO-Asset" account. The capitalized asset is amortized using the unit of production method (i.e., volume of landfill utilized over the total landfill utilization capacity). The amount of related obligation is recognized and carried at amortized cost using the effective interest method. The Group regularly assesses the sufficiency of provision for rehabilitation of sanitary landfills and adjusts the related liability for changes in estimates.

25.13 Equity

(a) Share capital

Share capital is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(b) Subscription receivable

Subscription receivable represents share subscribed but not yet paid.

(c) Retained earnings

Retained earnings represent the cumulative balance of the net income or loss of the Group, net of any dividend declaration. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

(d) Other comprehensive income

Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income includes actuarial gains and losses on defined benefit obligation and share in actuarial losses on defined benefit obligation of the associate. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

(e) Dividend distribution

Dividend distribution to the Group’s shareholders is recognized as a liability in the period in which the dividends are declared by the Group’s BOD. Stock dividends are treated as transfer from retained earnings to share capital.

25.14 Leases

(a) The Group as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(i) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group’s leases, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

(iii) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise building and warehouses, and vehicle and trucks.

(b) The Group as a lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, if any, and recognized on a straight-line basis over the lease term.

25.15 Revenue from contracts with customers

25.15.1 Revenues from contracts with customers and other income

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in all of its revenue arrangements.

(a) Income from tipping fee

Transaction price is determined to be the contract price stated in each contract service. Hauling of municipal residual waste to Morong Engineered Sanitary Landfill (the Facility) and use of LGU of the Facility is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from tipping fee is recognized at a point in time and when the Group satisfies a performance obligation by transferring a promised service to the customer.

(b) Trash to cashback

Trash to cashback pertains to the fee from implementation of programs and activities for waste segregation and recyclable collection and the sale of recyclable materials derived from such programs and activities. Transaction price is determined to be the contract price stated in each contract services. Income from trash to cashback is recognized at a point in time when the Group satisfies a performance obligation when the related services are rendered.

(c) Hauling income

Transaction price is determined to be the price stated in each contract service or work orders. Collection of residual waste from the customer's garbage room and its disposal is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. Income from hauling services is recognized at a point in time the related services are rendered and when the Group satisfies a performance obligation by transferring a promised service to the customer.

(d) Consultancy/field services

Transaction price is determined to be the contract price stated in each contract service. The Group's responsibility as the contractor to manage, operate, and maintain the principal's (IPMCDC) Material Recovery Facility is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfil its obligation by transferring each of the services independently thus it is not necessary to allocate the transaction price. Income from consultancy/field services is recognized over the time the related services are rendered and upon the customer's simultaneous receipt of the services provided by the Group.

25.15.2 Other income not covered by PFRS 15, "Revenue from Contracts with Customers"

(a) Rental income

Rental income pertains to the transportation and heavy equipment leased out by the Group and a portion of its office space leased under cancellable operating lease. Rental income is recognized when earned over the time the related services are rendered.

(b) Interest income

Interest income on bank deposits and loans which is presented net of applicable tax withheld (except for loans), is recognized on a time-proportion basis using the effective interest method.

(c) Other income

Other income is recognized when earned or realized.

25.16 Costs and expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in Group's equity, other than those relating to distributions to stockholders.

(a) Cost of services

Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract. These are recognized when incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

(b) General and administrative expenses

General and administrative are recognized in profit or loss in the period these are incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

25.17 Employee benefits

(a) Retirement benefits

The Group has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:
(a) Service costs
(b) Net interest on the net defined benefit liability
(c) Remeasurements of net defined benefit liability

Service costs which include current service cost and gains or losses on non-routine settlements are recognized as retirement benefit expense in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as retirement benefit expense in profit or loss.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in OCI under "remeasurement loss on retirement benefit obligation" in the period in which they arise.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

25.18 Income tax

(a) Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

(b) Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, 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 with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences and net operating loss carry over (NOLCO) to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and NOLCO can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that is applicable 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 as at the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity net of tax.

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

25.19. Provisions and contingencies

Provisions are recognized when the Group 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 Group 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 the profit or loss, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of sources embodying economic benefit is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

25.20 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which it operates (the ‘functional currency’). The consolidated financial statements are presented in Philippine Peso, which is the Group’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

25.21 Related party relationships and transactions

(a) Related party relationship

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

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

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

25.22 Segment reporting

The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 22.

25.23 Basic/Diluted earnings per share (EPS)

EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

25.24 Events after the reporting date

Post year-end events that provide additional information about the Group's financial position at the 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 the financial statements when material.

IPM Holdings, Inc. and Subsidiary

Supplementary Schedules as Required by Rule 68 of the Securities Regulation Code
December 31, 2023 and 2022

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	Schedule of Financial Soundness Indicator

IPM Holdings, Inc. and Subsidiary

Schedule A - Financial Assets

December 31, 2023

Name of Issuing entity and association of each issue	Amount shown in the consolidated statement of financial position	Income received and accrued
Cash and cash equivalents	65,428,554	22,972
Trade receivables	913,007,168	-
Loan receivables	31,000,000	-
Other receivables	17,000,000	-
Interest	10,931,140	12,225,086
Deposits	1,988,034	-
Security deposits	249,570	-
	1,039,604,466	12,248,058

December 31, 2022

Name of Issuing entity and association of each issue	Amount shown in the consolidated statement of financial position	Income received and accrued
Cash and cash equivalents	25,528,045	144,551
Trade receivables	936,060,683	-
Loan receivables	31,000,000	-
Interest	9,750,820	16,218,565
Deposits	1,988,034	-
	1,004,327,582	16,363,116

IPM Holdings, Inc. and Subsidiary

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other than Related parties)

December 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non- current	Balance at end of period
Trade receivables	877,887,264	25,254,815	(56,939,131)	-	846,202,948	-	846,202,948
Loans receivable*	31,000,000	-	-	-	31,000,000	-	31,000,000
Advances to officers & employees	2,519,283	3,559,714	(3,735,126)	-	2,343,871	-	2,343,871
Other receivables from related parties	-	17,000,000	-	-	17,000,000	-	17,000,000
Interest receivable	9,750,820	1,180,320	-	-	10,931,140	-	10,931,140
	921,157,367	46,994,849	(60,674,257)	-	907,477,959	-	907,477,959

December 31, 2022

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
Trade receivables	914,161,831	324,930,596	(361,205,163)	-	877,887,264	-	877,887,264
Loans receivable*	31,000,000	-	-	-	-	31,000,000	31,000,000
Advances to officers & employees	2,392,562	5,854,069	(5,727,348)	-	2,519,283	-	2,519,283
Interest receivable	8,570,500	1,180,320	-	-	-	9,750,820	9,750,820
	956,124,893	331,964,985	(366,932,511)	-	880,406,547	40,750,820	921,157,367

*See Note 18 to the Consolidated Financial Statements

IPM Holdings, Inc. and Subsidiary

Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

December 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
IPM Holdings Inc.	21,500,000	4,100,000	(25,297,745)		302,255		302,255
	21,500,000	4,100,000	(25,297,745)	-	302,255	-	302,255

December 31, 2022

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
IPM Holdings Inc.	18,460,714	3,200,000	(160,714)	-	21,500,000	-	21,500,000
	18,460,714	3,200,000	(160,714)	-	21,500,000	-	21,500,000

IPM Holdings, Inc. and Subsidiary

Schedule D - Long Term Debt
December 31, 2023 and 2022

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in in statement of financial position	Amount shown under caption "Long-Term Debt" in statement of financial position
N/A	N/A	N/A	N/A

IPM Holdings, Inc. and Subsidiary

Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2023 and 2022

Name of related party	Balance at the beginning of period	Balance at end of period
N/A	N/A	N/A

IPM Holdings, Inc. and Subsidiary

Schedule F - Guarantees of Securities of Other Issuers
December 31, 2023 and 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
N/A	N/A	N/A	N/A	N/A

IPM Holdings, Inc. and Subsidiary

Schedule G - Share Capital
December 31, 2023 and 2022

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversions and other rights	Number of Shares Held By		
				Related parties	Directors, officers, and employees	Others
December 31, 2023						
Common shares	740,000,000	690,000,000	None	470,000,000	2,333,800	217,666,200
December 31, 2022						
Common shares	740,000,000	690,000,000	None	470,000,000	2,333,800	217,666,200

IPM Holdings, Inc.

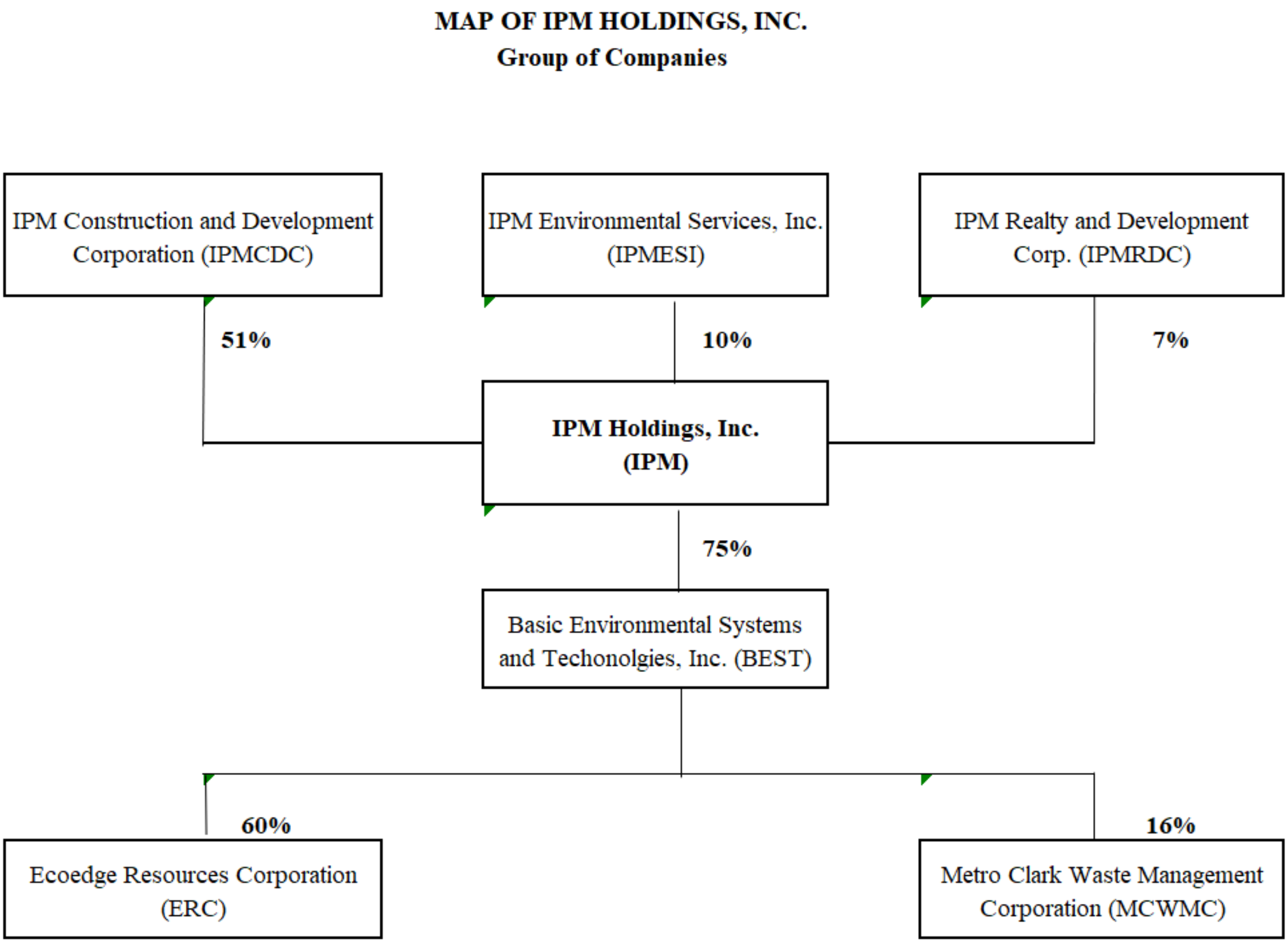
Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2023
(All amounts in Philippine Peso)

The Parent Company has a deficit as at December 31, 2023. Presented below is an analysis of the deficit for the purposes of this reconciliation requirement.

Deficit at beginning of the year	(226,486,244)
Net income for the year	21,091,205
Deficit at end of the year	(205,395,039)

IPM Holdings, Inc. and Subsidiary

A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2023



IPM Holdings, Inc. and Subsidiary

Schedule of Financial Soundness Indicator
As at and for the year ended December 31, 2023
(With comparative ratios as at and for the years ended December 31, 2022 and 2021)

	2023	2022	2021
Current Ratio[1]	7.35x	4.50x	4.24x
Quick Ratio[2]	6.96x	4.32x	4.19x
Solvency Ratio[3]	7.87x	6.16x	5.86x
Debt Ratio[4]	0.13x	0.16x	0.17x
Debt to Equity Ratio[5]	0.15x	0.19x	0.21x
Interest Coverage Ratio[6]	13.27x	7.29x	13.48x
Asset to Equity Ratio[7]	1.15x	1.19x	1.21x
Gross Profit Margin[8]	26%	19%	18%
Net Profit Margin[9]	42%	14%	22%
Return on Assets[10]	5%	3%	4%
Return on Equity[11]	6%	3%	5%
Book Value per Share[12]	2.01	1.90	1.84
Book Value per Share - Parent[13]	1.39	1.31	1.27
Net Income per Share[14]	0.12	0.06	0.09
Net Income per Share - Parent[15]	0.09	0.04	0.06

[1] Current Assets / Current Liabilities
[2] (Current Assets less Other current assets) / Current Liabilities
[3] Total Assets / Total Liabilities
[4] Total Debt/Total Assets
[5] Total Debt/Total Stockholders' Equity
[6] Earnings Before Interest and Taxes (EBIT) / Interest Charges
[7] Total Assets / Total Stockholders' Equity
[8] Sales less Cost of Service / Sales
[9] Net Profit / Service income
[10] Net Income / Average total Assets
[11] Net Income / Average total Stockholders' Equity
[12] Total Assets less Total Liabilities/Outstanding common shares
[13] Total equity attributable to equity holders of the Parent Company/Outstanding common shares
[14] Net Income /Number of Outstanding common shares
[15] Net Income Attributable to Equity Holders of Parent/Number of Outstanding common shares

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	5	0	0	8	5	5	7

COMPANY NAME

IPM HOLDINGS, INC.

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

PENTHOUSE, THE TAIPAN PLACE, F. ORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@ipmholdings.com.ph	8424-2550	09176291365

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
114	4th Wed of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ana Maria A. Katigbak	AAK@cltpsj	8817-6791	09176291365

CONTACT PERSON's ADDRESS

3rd Floor, The Valero Tower, 122 Valero St., Salcedo Village, Makati 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*

IPM HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS

The management of **IPM Holdings, Inc. (the "Parent Company")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, 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 consolidated 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 Parent Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Isla Lipana & Co., the independent auditors, appointed by the stockholders has audited the financial statements of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

ISABELITA P. MERCADO
Chairman/Chief Executive Officer

FRANCIS NEIL P. MERCADO
Treasurer/Chief Financial Officer

Signed this 10th day of April 2024

SUBSCRIBED AND SWORN to before me in CITY OF MAKATI on APR 12 2024, affiants exhibiting to me their Passports, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Isabelita P. Mercado	P2579466B	July 17, 2019	DFA, Manila
Francis Neil P. Mercado	P3923990B	November 21, 2019	DFA, Manila

Doc No. 375
Page No. 76
Book No. 78
Series of 2024.

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-16 until Dec. 31, 2025
Roll No. 45790/IBP Lifetime #04897/07-03-2003
PTR No. 10073910/01-02-2024/Makati City
MCLE No. VII-0016370/04-26-2022
G/F Fedman Suites 199, Salcedo Street,
Legaspi Village, Makati City

Independent Auditor's Report

To the Board of Directors and Stockholders of
IPM Holdings, Inc.
Penthouse, The Taipan Place
F. Ortigas Jr. Road Ortigas Center,
Pasig City

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IPM Holdings, Inc. (the "Parent Company") as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statement of financial position as at December 31, 2023;
- the statement of total comprehensive income for the year ended December 31, 2023;
- the statement of changes in equity for the year ended December 31, 2023;
- the statement of cash flows for the year ended December 31, 2023; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

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

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

Independence

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

Other Matter

The separate financial statements of the Company as at and for the year ended December 31, 2022 were audited by another firm of auditors whose report thereon dated May 24, 2023 expressed an unmodified opinion on those statements.

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.

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

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

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

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

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

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

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

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

Report on the Bureau of Internal Revenue Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 13 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 12, 2024, Makati City
TIN 152-015-078
BIR A.N. 08-000745-042-2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 10, 2024

BIR ▪ RR7B ▪ EAST NCR
RDO 43 - PASIG CITY
RECEIVED
APR 12 2024
Sa Tamang Buwis, Pag-asenso'y Mabilis
(Assessment Section)

Statement Required by Rule 68,
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
IPM Holdings, Inc.
Penthouse, The Taipan Place
F. Ortigas Jr. Road Ortigas Center,
Pasig City

We have audited the financial statements of IPM Holdings, Inc. (the Parent Company), as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 10, 2024.

In compliance with SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of work performed by us, the Company has 105 stockholders owning one (100) hundred or more shares as at December 31, 2023.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 12, 2024, Makati City
TIN 152-015-078
BIR A.N. 08-000745-042-2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 10, 2024

IPM Holdings, Inc

Statement of Financial Position
As at December 31, 2023
(With comparative figures as at December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
Assets			
Current assets			
Cash	2	264,501	121,012
Other current assets, net	3	20,252	40,000
Total current assets		284,753	161,012
Non-current asset			
Investment in a subsidiary	4, 8	485,375,000	485,375,000
Total assets		485,659,753	485,536,012
Liabilities and Equity			
Current liabilities			
Advances from related party	8	302,255	21,500,000
Accrued expenses and other payables	5, 8	752,537	522,256
Total liabilities		1,054,792	22,022,256
Equity			
Capital stock	6	690,000,000	690,000,000
Deficit		(205,395,039)	(226,486,244)
Total equity		484,604,961	463,513,756
Total liabilities and equity		485,659,753	485,536,012

The notes on pages 1 to 18 are an integral part of these financial statements.

IPM Holdings, Inc

Statement of Total Comprehensive Income
For the year ended December 31, 2023
(With comparative figures for the year ended December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
Income			
Dividend	8	25,297,745	-
Interest	2	187	163
		25,297,932	163
Expenses			
Professional fees		(1,188,760)	(822,792)
Directors' per diem	8	(840,000)	(600,000)
Salaries and wages		(730,500)	(678,000)
Stock exchange listing fee		(469,885)	(494,025)
Provision for impairment losses	3	(213,498)	(181,209)
Entertainment, amusement and recreation		(186,249)	(124,080)
Rent	8	(160,714)	(160,714)
Utilities	8	(105,000)	(180,000)
Transportation		(52,819)	(59,213)
Taxes and licenses		(18,200)	(19,027)
Office supplies and printing costs		(8,057)	(45,214)
Miscellaneous		(233,045)	(153,383)
		(4,206,727)	(3,517,657)
Income (loss) before income tax		21,091,205	(3,517,494)
Income tax expense	7	-	(33)
Net income (loss) for the year		21,091,205	(3,517,527)
Other comprehensive income for the year		-	-
Total comprehensive income (loss) for the year		21,091,205	(3,517,527)

The notes on pages 1 to 18 are an integral part of these financial statements.

IPM Holdings, Inc

Statement of Changes in Equity
For the year ended December 31, 2023
(With comparative figures for the year ended December 31, 2022)
(All amounts in Philippine Peso)

	Capital stock (Note 6)	Deficit	Total equity
Balances at January 1, 2022	690,000,000	(222,968,717)	467,031,283
Comprehensive loss			
Net loss for the year	-	(3,517,527)	(3,517,527)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(3,517,527)	(3,517,527)
Balances at December 31, 2022	690,000,000	(226,486,244)	463,513,756
Comprehensive income			
Net income for the year	-	21,091,205	21,091,205
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	21,091,205	21,091,205
Balances at December 31, 2023	690,000,000	(205,395,039)	484,604,961

The notes on pages 1 to 18 are an integral part of these financial statements.

IPM Holdings, Inc

Statement of Cash Flows
For the year ended December 31, 2023
(With comparative figures for the year ended December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
Cash flows from operating activities			
Income (loss) before income tax		21,091,205	(3,517,494)
Adjustments for:			
Provision for impairment loss	3	213,498	181,209
Interest income	2	(187)	(163)
Dividend income	8	(25,297,745)	-
Operating loss before changes in working capital		(3,993,229)	(3,336,448)
Changes in working capital			
Other current assets, net		(193,750)	(181,209)
Accrued expenses and other payables		230,281	188,444
Net cash used in operations		(3,956,698)	(3,329,213)
Interest received	2	187	163
Income tax paid		-	(33)
Net cash flows used in operating activities		(3,956,511)	(3,329,083)
Cash flows from a financing activity			
Proceeds from advances from related party	8	4,100,000	3,200,000
Net increase (decrease) in cash		143,489	(129,083)
Cash at January 1		121,012	250,095
Cash at December 31		264,501	121,012

The notes on pages 1 to 18 are an integral part of these financial statements.

IPM Holdings, Inc

Notes to Financial Statements
As at and for the year ended December 31, 2023
(With comparative figures and notes as at and for the year ended December 31, 2022)
In the notes, all amounts are shown in Philippine Peso unless otherwise stated

1 General information

(a) Corporate information

IPM Holdings, Inc. (IPM) (the Parent Company) was incorporated and organized in the Philippines on August 31, 1995, to engage in the business as an investment holding company. The registered office of the Parent Company, which is also its principal place of business is Penthouse, The Taipan Place F. Ortigas Jr. Road Ortigas Center, Pasig City.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker "IPM". As at December 31, 2023 and 2022, the percentage ownership of the top four beneficial shareholders of the Parent Company follows:

	Percentage of ownership
IPM Construction and Development Corporation (IPMCDC)	51%
IPM Environmental Services, Inc. (IPMESI)	10%
IPM Realty and Development Corporation (IPMRDC)	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were incorporated in the Philippines. The ultimate parent company is IPMCDC, a company incorporated in the Philippines engaged in general construction and other allied business including construction, enlarging, repairing, removing and developing building, road and highways.

The Parent Company's subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST), was incorporated in the Philippines. BEST is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services (Note 4).

(b) Approval of the financial statements

The accompanying Parent Company financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 10, 2024.

2 Cash

	2023	2022
Cash on hand	2,210	2,210
Cash in banks	262,291	118,802
	264,501	121,012

Cash in banks earn interest at the prevailing bank deposit rate and is carried at amortized cost. Interest earned from cash in banks amounted to P187 for the year ended December 31, 2023 (2022 - P163).

There is no restriction on the Parent Company's cash balance as at December 31, 2023 and 2022.

3 Other current assets, net

Other current assets, net as at December 31 consist of:

	2023	2022
Input value-added tax (VAT)	3,252,127	3,038,628
Prepaid taxes	1,976,300	1,976,300
Creditable withholding tax	1,137,429	1,137,430
Prepaid expenses	20,252	40,000
	6,386,108	6,192,358
Less: Allowance for impairment losses	(6,365,856)	(6,152,358)
	20,252	40,000

The movements in allowance for impairment losses for the years ended December 31 follows:

	2023	2022
January 1	6,152,358	5,971,149
Provision for impairment loss during the year	213,498	181,209
December 31	6,365,856	6,152,358

The Parent Company recognized an allowance for impairment on its input VAT, prepaid taxes, and creditable withholding tax amounting to P6,365,856 as at December 31, 2023 (2022 - P6,152,358) due to low probability that these assets and tax credits may be utilized in the future.

4 Investment in a subsidiary

Details of investment in a subsidiary as at December 31 are presented below:

	Note	2023	2022
Investment in a subsidiary		615,000,000	615,000,000
Less: Subscription payable	8	(129,625,000)	(129,625,000)
		485,375,000	485,375,000

BEST was incorporated in the Philippines and is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

On November 20, 2012, the Parent Company's BOD authorized the acquisition of 615,000,000 shares in BEST at par value of P1 per share, which constitute 75% of the resulting outstanding capital of BEST.
Further, the Parent Company was authorized to partially pay for the 615,000,000 shares in BEST as follows: (a) P450,000,000 for the 600,000,000 shares that will come from the increase in authorized capital stock of BEST; and (b) P12,500,000 for the subscription rights to 15,000,000 shares in BEST.

On March 4, 2013, the Parent Company acquired 615,000,000 shares in BEST representing 75% interest and paid P462,500,000.

On February 10, 2014, the BOD approved the payment to BEST of P22,875,000 representing 15% of the unpaid balance on the total subscription price for the 615,000,000 shares subscribed by the Parent Company in BEST. Subscription payable as at December 31, 2023 and 2022 amounting to P129,625,000 was offset against the Parent Company's investment in a subsidiary (Note 8).

On December 15, 2023, BEST declared cash dividends amounting to P30,001,575 or P0.05212 per share out of its unrestricted retained earnings as at December 31, 2023 of which P25,297,745 is payable to the Parent Company. The cash dividends are payable to all common stockholders of record as of December 15, 2023 and are payable on or before February 29, 2024.

On December 18, 2023, the Parent Company and BEST agreed via an offsetting agreement to offset the payable from dividends declared by BEST on December 15, 2023 amounting to P25,297,745 against the outstanding advances payable by the Parent Company to BEST as at this date amounting to P25,600,000. The resulting net outstanding advances from BEST are disclosed in Note 8.

Status of operations and management's plans

BEST, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, BEST in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing further destruction of our natural resources.

On September 25, 2019, BEST entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment, operation and maintenances of the Passi City Integrated Waste Management Facility, the first PPP project awarded to the BEST. The facility was opened in 2021.

On June 15, 2022, BEST entered into another PPP project this time with the Provincial Government of Bataan for the design, construction, operation, maintenance and closure of the Bataan Engineered Sanitary Landfill Facility. This facility will commence its operations in the last quarter of 2024.

As at December 31, 2023, BEST is actively engaged in developing additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, BEST plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the IPM Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, BEST launched My Basurero App - a waste collection hailing app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

BEST believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. The Trash to Cashback Program is an incentivized segregation at source program aiming to convert individuals to eco-warriors using environmental points, product incentives, gamification and challenges. The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, fast moving consumer goods, waste management solutions providers, recycling partners, and micro, small, and medium enterprises (MSMEs).

Trash to Cashback Program implemented in Quezon City was featured in BBC's Transforming Cities series (C40 series) last July 2023, highlights how the program is able to improve the quality of life of ecowarriors in the city by giving access to recyclable drop off locations, and providing avenues to redeem their incentives, pay bills, goods and services.

Tindahan Extra Mile™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, BEST, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in the Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management. This endeavor expanded to Brgy Lapasan for a Materials Recovery Facility (MRF) installation and capacity building anchoring the importance of at-source waste segregation and tailor-fit solutions to avoid environment waste leakage. MRF installation in the Port of Cagayan de Oro was also rolled out to ensure seamless waste management infrastructure after the initial baseline carried out.

Balik Bote Program in partnership with San Miguel Yamamura Packaging Corporation, aims to collect and recycle food and beverage glass bottles from the communities tapped by the Trash to Cashback Program. This program is taken a step notch by partners from Diageo Philippines, launching the Diageo Harmony Project in Trash to Cashback drop off locations in Bonifacio Global City since July 2023, and further expanded to key on-trade partners last November 2023.

With these new projects, BEST aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

5 Accrued expenses and other payables

Accrued expenses and other payables as at December 31 consist of:

	2023	2022
Accounts payable and accrued expenses	732,882	508,732
Payable to government agencies	19,655	13,524
	752,537	522,256

Accounts payable and accrued expenses include rent payable to a related party (Note 8) and professional fees as at year-end. These are non-interest bearing and are expected to be settled in cash within 30 to 60 day terms.

Payable to government agencies pertains to liabilities for withholding tax on compensation and expanded withholding tax as at year-end. These are expected to be settled in cash within the next reporting period.

6 Equity

(a) Capital stock

Capital stock of the Parent Company as at December 31, 2023 and 2022 are as follows:

	Authorized		Issued	
	Shares	Amount	Shares	Amount
Common shares at P1 par value per share	740,000,000	740,000,000	690,000,000	690,000,000

In accordance with Annex 68-K of Revised SRC Rule 68, below is a summary of the Parent Company's track record of registration of securities.

Common shares	Number of shares registered	Issue/Offer price	Date of approval
180,000,000	180,000,000	1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

The Parent Company's unissued authorized capital stock amounted to P50,000,000 as at December 31, 2023 and 2022.

The number of holders of securities of the Parent Company as at December 31, 2023 and 2022 is 114 shareholders.

7 Income tax

The realization of the future tax benefits relating to the deferred income tax assets is dependent on many factors including the Company's ability to generate taxable income within the net operating loss carry-over period and probability that future taxable income will be available against which these can be utilized in the future. Management has considered these factors in reaching its conclusion that no deferred income tax assets on NOLCO and allowance for impairment losses should be recognized in the financial statements as at December 31, 2023 and 2022. The Parent Company will recognize a previously unrecognized deferred tax asset to the extent that it becomes probable that future taxable income will allow the previously unrecognized deferred tax asset to be recovered.

The details of the Parent Company's unrecognized deferred income tax assets as at December 31, 2023 and 2022 are sourced from the following:

	2023	2022
Net operating loss carry-over (NOLCO)	13,225,084	9,418,104
Allowance for impairment losses:		
Financial assets	1,066,172	1,066,172
Other current assets, net	6,365,856	6,152,358
	20,657,112	16,636,634

The details of unrecognized deferred income tax assets on NOLCO at December 31 are as follows:

Year incurred	Year of expiration	2023	2022
2019	2022	-	3,524,852
2020	2025	2,938,801	2,938,801
2021	2026	3,266,935	3,266,935
2022	2025	3,212,368	3,212,368
2023	2026	3,806,980	-
		13,225,084	12,942,956
Less: Expired		-	(3,524,852)
		13,225,084	9,418,104
Tax rate		25%	25%
		3,306,271	2,354,526

In compliance with the National Internal Revenue Code of 1997 and as implemented under Revenue Regulation No. 14-2001, the net operating losses incurred except for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next three (3) consecutive taxable years following the year of such loss.

Pursuant to Section 4 of Republic Act (RA) No. 11494, otherwise known as the "Bayanihan to Recover as One Act" and as implemented under Revenue Regulation No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The reconciliation between the statutory income tax and the effective income tax follows:

	2023	2022
Provision for (benefit from) income tax at statutory tax rate	5,272,801	(879,374)
Add (Deduct) tax effects of:		
Dividend income subjected to final tax	(6,324,436)	-
Interest income subjected to final tax	(47)	(16)
Non-deductible expenses	46,562	31,028
Change in unrecognized deferred tax assets	1,005,120	848,395
Income tax expense	-	33

In 2022, income tax expense pertains to final tax on interest income.

8 Related party transactions

In the normal course of business, the Parent Company transacts with companies which are considered related parties.

Related Party Transaction Committee tasked with reviewing all Material RPTs which should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman. After the review and evaluation of the Material RPTs, the committee shall endorse the same to the Board of Directors for approval.

All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Group's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

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

	2023		2022		
	Transactions	Outstanding payable	Transactions	Outstanding payable	Terms and conditions
Subsidiary					
BEST					
Rent	160,714	14,330	160,714	-	Refer to (a) Unsecured; noninterest-bearing; on demand
Subscription payable	-	129,625,000	-	129,625,000	Refer to (b) Unsecured, due and demandable
Advances from related party	4,100,000	302,255	3,200,000	21,500,000	Refer to (c) Unsecured; noninterest-bearing; on demand
Other related parties					
GNCA Holdings, Inc. (GNCA)					
Utilities	105,000	-	180,000	-	Refer to (d) Unsecured; noninterest-bearing; on demand
Directors					
Directors' per diem	840,000	-	600,000	-	Refer to (e) Unsecured; noninterest-bearing; on demand

a. In 2015, the Parent Company entered into a contract of lease with BEST for rental of office space amounting to P15,000 per month inclusive of utilities or P180,000 per year. The contract retroactively covers the period from October 2014 to October 2015. The contract of lease was renewed every year thereafter with the same contract terms and is still effective for the year ended December 31, 2023 and 2022.

b. Subscription payable of the Parent Company to BEST amounted to P129,625,000 as at December 31, 2023 and 2022 which was offset against the Parent Company's investment in a subsidiary (Note 4).

c. Advances of the Parent Company from BEST represent non-interest-bearing, due and demandable advances obtained from BEST to finance the operating requirements of the Parent Company.

   Movements of the advances from related party are as follows:

	Note	2023	2022
At January 1		21,500,000	18,300,000
Advances during the year		4,100,000	3,200,000
Dividend received	4	(25,297,745)	-
At December 31		302,255	21,500,000

d. The Parent Company entered into an agreement with GNCA, an entity controlled by one of the Parent Company's BOD, for the sharing of common costs incurred on the leased office space. The agreement provides that the Parent Company shall pay fixed monthly utility charges of P15,000 exclusive of VAT in 2023 and 2022, in lieu of its proportionate share in monthly rentals on the leased premises. The Parent Company has no unpaid utilities expense as at December 31, 2023 and 2022.

e. In 2013, the BOD of the Parent Company approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD. In 2018, the BOD approved the 100% increase in the per diem of each director. Total per diem paid to the directors amounted to P840,000 in 2023 (2022 - P600,000).

f. There is no contract covering the employment of directors and other key executive officers with the Parent Company. The Parent Company has no agreements with its executive officers regarding any bonus, profit sharing, pension or retirement plan.

9 Segment information

For management reporting purposes, the Parent Company's activities are organized in one operating segment. As at December 31, 2023 and 2022, the segment's assets amounted to P485.66 million and P485.54 million, respectively. As at December 31, 2023 and 2022, the segment's liabilities amounted to P1.05 million and P22.02 million, respectively. In 2023 and 2022, the segment's revenues are sourced from dividend and interest income. The segment's net income amounted to P21.09 million for the year ended 2023 (2022 - P3.52 million loss).

The Parent Company has no revenue outside the Philippines and no revenue from a single customer, hence, the Parent Company did not present geographical information required by PFRS 8, Operating Segments.

10 Financial risk and capital management

10.1 Financial risk factors

The Parent Company's principal financial instruments comprise of cash, advances from related party, and accrued expenses and other payables. The main purpose of the Parent Company's financial instruments is to fund its operational expenditures.

The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk. The main objectives of the Parent Company's financial risk management are to identify and monitor such risks on an ongoing basis; to minimize and mitigate such risks; and to provide a degree of certainty about costs.

(a) Credit risk

Credit risk arises when the counterparty to a financial asset of the Parent Company is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Parent Company's cash in banks which is its only financial asset. Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The investment of the Parent Company's cash resources is managed so as to minimize risk while seeking to enhance yield. This involves entering into financial instruments only with counterparties with acceptable credit standing. The Parent Company's maximum exposure to credit risk pertains only to cash in banks, net of the amount of PDIC insurance amounting to P500,000, hence it resulted to nil as at December 31, 2023 and 2022.

The gross maximum exposure to credit risk of the Parent Company approximates its net maximum exposure.

The Parent Company's cash in banks have high grade credit quality. The credit quality of the financial assets was determined based on the nature of the counterparty and the Parent Company's historical experience with them.

As at December 31, 2023 and 2022, the Parent Company's receivable amounting to P1,066,172 was fully impaired.

(b) Liquidity risk

Liquidity or funding risk is the risk associated with the difficulty of selling financial assets in a timely manner at their values to meet obligations.

The Parent Company seeks to manage its liquidity profile through advances from related party to be able to finance capital expenditures and working capital requirements.

The Parent Company's accrued expenses and other payables are all due within one year. Advances from related party is due and demandable.

10.2 Capital management

The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

As at December 31, 2023, the Parent Company has a deficit of P205.40 million (2022 - P226.49 million).

The Parent Company is not exposed to any externally-imposed capital requirements.

As at December 31, 2023, the Parent Company considers its total equity as capital amounting to P484.60 million (2022 - P463.51 million).

10.3 Fair value information

Due to the short-term nature of the Parent Company's financial instruments, their fair values approximate their carrying amounts as at December 31, 2023 and 2022.

10.4 Fair value hierarchy

The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

As at December 31, 2023 and 2022, the Parent Company has no financial assets carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

11 Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of the contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

11.1 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Estimation of allowance for expected credit losses (ECL)

The Parent Company maintains allowance for impairment loss on its receivables at a level adequate to provide for any potential uncollectible receivables. The level of this allowance is regularly evaluated by the Parent Company. The Parent Company performs a regular review of the age and status of these accounts, designed to identify accounts for impairment. The assessment of the correlation between historical observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions.

As at December 31, 2023 and 2022, receivables recognized as financial assets at amortized cost which amounted to P1,066,172 have been fully provided with allowance for expected credit losses since management believes that these receivables will not be recovered.

(b) Impairment of non-financial assets

The Parent Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value and significant negative industry or economic trends. The Parent Company recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Parent Company to make estimates and assumptions that can materially affect the parent company financial statements. Future events could cause the Parent Company to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Parent Company's financial condition.

The carrying amount and the related impairment loss of prepaid taxes, creditable withholding tax and input VAT are disclosed in Note 3. The Parent Company recognized impairment loss amounting to P213,498 in 2023 (2022 - P181,209). As at December 31, 2023, the Parent Company assessed that the prepaid expenses amounting to P20,252 (2022 - P40,000) is recoverable (Note 3).

As of December 31, 2023 and 2022, there were no impairment loss recognized in the investment in a subsidiary amounting to P485,375,000 as management believes that the investment is fully recoverable (Note 4).

11.2 Critical judgment in applying the Parent Company's accounting policies

Recognition and valuation of deferred income tax assets

Significant judgment is required in determining the provision for income taxes. Recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied.

The Parent Company did not recognize the deferred income tax assets on NOLCO and allowance for impairment losses since management believes that it is more likely than not that the deferred income tax assets will not be realized in the future as management does not expect to have available taxable income to apply such in the next three to five years (Note 7).

12 Summary of material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

12.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 10.

12.2 Changes in accounting policies and disclosures

(a) New standards, and amendments and interpretations to existing standards applied by the Parent Company

The Parent Company has applied the following amendments for the first time for their annual reporting period commencing January 1, 2023:

- Disclosure of accounting policies - Amendments to PAS 1 and PFRS Practice Statement 2

PAS 1, “Presentation of Financial Statements” was amended to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ (being information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The effects of adoption of amendments to PAS 1 and PFRS Practice Statement 2 as at January 1, 2023 are considered in the Summary of material accounting policies disclosed in the financial statements.

- Definition of Accounting Estimates - Amendments to PAS 8 (effective January 1, 2023)

The amendment to PAS 8 clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The adoption did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to PAS 12

The amendments to PAS 12, *“Income Taxes”* require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

  - right-of-use assets and lease liabilities, and
  - decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in the opening balance of retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The adoption did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

(b) New standards, and amendments and interpretations to existing standards not yet adopted by the Parent Company

Certain new accounting standards, and amendments and interpretations to accounting standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Parent Company. These are not expected to have a material impact on the Parent Company in the current or future reporting periods and on foreseeable future transactions.

12.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Parent Company recognizes a financial instrument in the statements of financial position, when, and only when, it becomes a party to the contractual provisions of the instrument.

12.3.1 Financial assets

(a) Classification

The Parent Company holds financial assets at amortized cost pertaining to cash.

(b) Recognition and measurement

The Parent Company recognizes a financial asset in the statement of financial position when the Parent Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Parent Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

(c) 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 rights to receive cash flows from the asset have expired; or
- the Parent Company retains the right to receive cash flows from the 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 Parent Company has transferred its rights to receive cash flows from the 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.

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

(d) Impairment of financial assets

The Parent Company's accounting for impairment losses for financial assets uses a forward-looking expected credit loss (ECL) approach. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Parent Company expects to receive.

The Parent Company has applied the Simplified Approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

12.3.2 Financial liabilities

(a) Classification

The Parent Company holds financial liabilities measured at amortized cost. Management determines the classification of its financial liabilities at initial recognition.

Other financial liabilities at amortized cost

Other financial liabilities at amortized cost are contractual obligations which are either to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Parent Company. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

(b) Recognition and measurement

A financial liability is recognized in the statement of financial position when, and only when the Parent Company becomes a party to the contract provisions of the instrument.

A financial liability is initially measured at fair value plus transaction costs, which normally equal its nominal amount. A financial liability is subsequently measured at amortized cost using the effective interest method. Interest expense on a financial liability is recognized within finance cost, at gross amount, in profit or loss.

(c) 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

12.3.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of future default, insolvency or bankruptcy of the Parent Company or the counterparty.

Certain receivable and advances are intended to be settled on a net basis. As at December 31, 2023 gross amount of the financial assets and financial liabilities set off in the statements of financial position are as follows:

	Gross amounts recognized	Gross amounts set off	Net amounts presented in the statements of financial position
Dividends receivable	25,297,745	(25,297,745)	-
Advances from a related party	(25,600,000)	25,297,745	(302,255)

There is no similar transaction as at and for the year ended December 31, 2023.

12.4 Investment in a subsidiary

A subsidiary is an entity in which the Parent Company exercises control over the operation and management of the subsidiary. The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

An investor controls an investee if and only if the investor has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to effect the amount of the investor's returns.

The Parent Company's investment in a subsidiary is accounted for in the parent company financial statements under the cost method of accounting.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

12.5 Impairment of non-financial asset

The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase in other comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investments in subsidiary

The Parent Company determines at each reporting date whether there is any objective evidence that the investment in subsidiary is impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in profit or loss.

In assessing impairment indicators, the Parent Company considers, as a minimum, the following indicators: (a) dividends exceeding the total comprehensive income of the investee in the period the dividend is declared; or (b) the carrying amount of the investment in the separate financial statements exceeding the carrying amount of the investee's net assets, including goodwill.

12.6 Other current assets

Other current assets represent creditable withholding taxes, input vat and prepaid expenses, Prepaid expenses pertain to expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time.

Value-added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the tax authority is included as part of "Other current assets" in the statements of financial position.

Creditable withholding tax and other tax credits

Creditable withholding taxes are taxes deducted by required withholding agents who remit directly to the Bureau of Internal Revenue. These can be claimed by the Parent Company against the income tax liability of the Parent Company for the current taxable year and any excess thereof can be carried over for the next taxable year.

12.7 Equity

Capital stock

Capital stock is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Deficit

Deficit represents the cumulative amount of net losses of the Parent Company.

12.8 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services.

Revenue and receivable are recognized when the services have been performed as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Dividend income

Dividends are recognized as other income in profit or loss when the right to receive payment is established.

Interest income

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

12.9 Expenses

Expenses are charged through profit or loss in the period these are incurred.

12.10 Taxes

Current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Parent Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred income tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, including the carry forward benefit of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (MCIT), if any to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses and tax credits can be utilized. The Parent Company re-assesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax expense or credit is recognized for changes in deferred income tax assets and liabilities during the reporting period. Income tax expense includes income tax as currently payable and those deferred because of temporary differences in the financial and tax reporting bases of assets and liabilities, and unused tax losses and tax credits.

The Parent Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

12.11 Provisions

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

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

Provisions are derecognized when the obligation is settled, cancelled or has expired. Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

12.12 Contingencies

Contingent liabilities are not recognized in the Parent Company 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 parent company financial statements but are disclosed when an inflow of economic benefits is probable. If it became virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

12.13 Leases - Parent Company as a lessee

Lease where a significant portion of the risks and rewards of ownership are retained by the lessor is classified as operating leases. The Parent Company opted to apply the short-term lease exemption under PFRS 16 as renewals of lease agreement will be assessed yearly and control and ownership of leased asset is not established, thus the Parent Company classified its office space as operating lease. Payments associated with short-term leases are recognized on a straight-line basis as an expense in the profit or loss.
Deposits which are deemed fully collectible upon expiration of the related lease agreement are measured initially at fair value. After initial recognition, deposits are subsequently measure at amortized cost using the effective interest method.

12.14 Related party relationships and transactions

(a) Related party relationship

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

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

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

12.15 Events after the reporting date

Post year-end events that provide additional information about the Company's position at the 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 the financial statements when material.

13 Supplementary tax information required by the BIR

The following information required by Revenue Regulation (RR) No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. All amounts in this note are stated in Philippine Peso.

(a) Output VAT

The Parent Company did not have any transaction subjected to output VAT in 2023.

(b) Input VAT

Movements in input VAT for the year ended December 31, 2023 are as follows:

Balance at January 1, 2023	3,038,628
Add: Current year's domestic purchases/payments for:	
Services lodged under other accounts	158,109
Goods other than for resale or manufacture	23,504
Others	31,886
Balance at December 31, 2023	3,252,127

(c) Other local and national taxes

Other local and national taxes paid for the year ended December 31, 2023 consist of:

Business permit and licenses	17,700
Annual registration fee	500
	18,200

(d) Withholding taxes

Withholding taxes paid and accrued for the year ended December 31, 2023 consist of:

	Paid	Accrued	Total
Tax on compensation and benefits	24,565	4,485	29,050
Expanded withholding taxes	124,112	15,170	139,282
	148,677	19,655	168,332

(e) Tax assessments and tax cases

The Parent Company has no Final Assessment Notice and/or Formal letter of Demand from the Bureau of Internal Revenue (BIR) for alleged deficiency income tax, VAT and withholding tax.

In addition, the Parent Company has no pending tax case outside the administration of the BIR as of December 31, 2023.

The Company has no deficiency tax assessments, whether protested or not. The Parent Company has not been involved in any tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue as of December 31, 2023.

All other requirements of RR No. 15-2010 are not applicable for the Parent Company due to absence of relevant transactions.

COVER SHEET

AS095-008557
SEC Registration Number

IPM HOLDINGS, INC. AND SUBSIDIARY

(Company's Full Name)

PENTH0USE, THE TAIPAN PLACE, F. ORTIGAS JR. ROAD ORTIGAS CENTER PASIG CITY

(Business Address: No., Street City / Town / Province)

Atty. Ana Katigbak	8424-2550 to 59 /817 6791
Contact Person	Company Telephone Number

12	31	**2023 SUSTAINABILITY REPORT**	4th Wed of May
Month	Day	FORM TYPE	Month Day
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

CFD	
Dept Requiring this Doc	Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

IPM HOLDINGS, INC. AND SUBSIDIARY
2023
SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	**IPM HOLDINGS, INC.**
Location of Headquarters	Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City
Location of Operations	Basic Environmental Systems & Technologies, Inc. (BEST, Inc.), – Ortigas Center, Pasig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Basic Environmental Systems & Technologies, Inc. (BEST, Inc.), a subsidiary
Business Model, including Primary Activities, Brands, Products, and Services	To invest in diversified industries in the Philippines. Currently, IPM Holdings, Inc.'s controlling stake in its subsidiary, BEST, Inc. provides the platform for it to grow and expand its footprint in the waste management industry.
Reporting Period	For the year ending December 31, 2023
Highest Ranking Person responsible for this report	Compliance Officer

- *This report is primarily focused on BEST, Inc., the operating segment and subsidiary of the company which has significant impact on the consolidated financial performance of the company for the year 2023.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
In the assessment of materiality associated with sustainability issues, the Company determines the relevant topics that are sufficiently important that it is essential to report them. These topics cover the following elements: • Significant economic, environmental, and social impacts of the organization; • Information that substantively influence the assessments and decisions of stakeholders, including investors; and • Matters that substantively affect the Company's ability to create value over the short, medium and long-term.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

BEST, Inc.	Amount	Units
Direct economic value generated (revenue)	193,762,662	PhP
Direct economic value distributed:		
a. Operating costs	142,721,512	PhP
b. Employee wages and benefits	33,725,680	PhP
c. Payments to suppliers, other operating costs	32,357,433	PhP
d. Dividends given to stockholders and interest payments to loan providers	30,001,575	-
e. Taxes given to government	15,113,540	PhP
f. Investments to community (e.g. donations, CSR)	600,000	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The economic impact is perceived mainly through its core business which is the provision of waste management services to the government and private clientele, rental of equipment, thereby creating employment and business opportunities.	Employees, suppliers, customers, shareholders, government	The Company has a waste management set-up encompassing different areas, namely: business development, technical planning, engineering and project management, sales and marketing. The Company has hands-on approach to respond effectively to its clients and industry partners. Likewise, the Company has put into place controls, policies and programs to ensure the attainment of its operational and financial objectives including risk management, internal and external audits, manuals on company procedures and policies.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's future growth is dependent upon its ability to be more competitive to provide quality services and acquire more clients and develop and implement additional waste management projects.	Employees, suppliers, customers, shareholders, government	The Company continues to explore business opportunities with local governments and private sector and look for additional suitable land or property for waste management facilities, as well as appropriate technologies for treatment of waste. Management is continuously studying and evaluating the future development of the Company's other waste management projects. The company is complying with the standards and

		permitting requirement of the national and local government units.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's waste management business will benefit from the government's policy on Ecological Solid Waste Management and its strict implementation among the local government units and will contribute to increase demand for waste collection and disposal services and establishment of environmentally sound waste disposal/treatment facilities	Employees, suppliers, customers, shareholders, government	The Company continued to explore business opportunities through public-private partnership and contracts. Management is continuously studying and evaluating the future development of the Company's other waste management projects as well as the environment-friendly technologies to treat waste.

Climate-related risks and opportunities

Governance	Strategy
The Board through the company officers oversees that the company's activities is in harmony with sound environmental and climate-related policies. The Board makes sure that the projects comply with Environmental Impact Assessment System and related permitting requirement from the government. Climate-related risks and opportunities are material to the Company.	The company focuses on ways to reduce and recycle wastes as well as the proper disposal of wastes which is the core business of BEST, Inc. The company uses and supports environment friendly technologies that process biodegradable waste, as well as partnering with recycling companies for recycling recyclable wastes. A Trash to Cashback program is in place as a platform for recovery and recycling of wastes. The company is also looking into the recovery of methane gas for energy generation in its own sanitary landfills. BEST, Inc. has investments in the production of Refuse Derived Fuel (RDF) wherein wastes are sorted mechanically and combustible wastes are shredded and bundled. Such RDF is used by cement factories as a source of alternative fuel. The company also as part of its CSR activities participates in local and national clean-up programs, and conducts annual tree planting activity,

Procurement Practices

Proportion of spending on local suppliers

BEST, Inc.	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The company relies on various local and international suppliers for waste management materials and equipment, and services	Suppliers, customers	The purchase of waste management materials and services is centralized and is performed by the Procurement Department at the Head Office. The company has established a pre-qualification process to conduct due diligence and ensure the supplier's legitimacy, performance and capabilities as well as to confirm that the supplier meets the Company's standards including code of conduct, facility standards and human rights and the environmental standards.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The supply of the required waste management materials and services may not always be available, or these may not meet the company's quality standards.	Suppliers, customers	The company determines the adequate supplies inventory for a sustainable period. The Company has a process of diversification of suppliers to mitigate supply chain disruptions.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The company's strong relationship with the local suppliers enables it to be a preferred partner of these suppliers.	Suppliers, customers	The company remains to strengthen its relationship with local suppliers through patronizing their products and services and prompt payment of materials, deliveries and services.

Anti-corruption

Training on Anti-corruption Policies and Procedures

BEST, Inc.	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The anti-corruption policies and procedures can prevent corruption using internal controls and educate and provide employees with the company's standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings.	Employees, community, suppliers, government, shareholders	The company's anti-corruption policies and procedures implemented, enforced and adhered to are communicated to all employees through orientation and continuous trainings to embed them in the company's culture.

Incidents of Corruption

BEST, Inc.	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No incident of corruption has been reported in the company since its inception.	Employees, community, suppliers, government, shareholders	The adoption of anti-corruption policy and program as well as a code of conduct endeavors to mitigate corrupt practices such as, but not limited to bribery, fraud, extortion, collusion, conflict of interest and money laundering. The company has adhered to the requirements in every contract with local, national government and private sector on Anti-Corruption clause.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

BEST, Inc.	Quantity	Units
Energy consumption (renewable sources)	Not available	GJ
Energy consumption (gasoline)	21,761.17	GJ
Energy consumption (LPG)	Not available	GJ
Energy consumption (diesel)	1,121,453.13	GJ
Energy consumption (electricity)	389,921.33	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	Not available	GJ
Energy reduction (LPG)	Not available	GJ
Energy reduction (diesel)	Not available	GJ
Energy reduction (electricity)	Not available	kWh
Energy reduction (gasoline)	Not available	GJ

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	Not Available	Cubic meters
Water consumption	46,476.35	Cubic meters
Water recycled and reused	Not Available	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?

Energy
The company's consumption of energy does not have material impact to the environment. Energy is consumed during the day to day operations of the company in the facilities site and in the corporate office. Energy conservation measures such as turning off the lights and computer monitors during lunch break and when leaving the office at close of work hours is encouraged among the employees.

Water
Water is a vital element of the company's operations in its waste collection activities and corporate office. The company works to ensure availability of water to provide clean and well-maintained premises and vehicle fleet. The company recognizes its responsibility to use water resource as efficiently as possible.

What are the Risk/s Identified?

Energy and water shortages.

What are the Opportunity/ies Identified?

The company aims to increase water usage efficiency.

Management Approach

Energy
The company's waste management services are designed by incorporating features to consume less electricity. These designs are expected to translate to considerable energy savings.

Water
The company implements measures to reduce water consumption in its offices and facilities and educates its employees on the importance of water conservation.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	Not Available	kg/liters
• non-renewable	Not Available	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	Not Applicable (The company is not engaged in manufacturing products)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The company's waste management projects in Morong, Rizal, and Pasig City use materials to build and maintain the sanitary landfill and other facilities including the roads inside the waste management facilities.	Suppliers, community, customers	The Company recognizes that the construction materials such as cement, rebars, HDPE, and GC Liners are non-renewable which entails high amounts of costs, energy and emissions to produce.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Scarcity of materials impacts pricing which indirectly affects the company's competitiveness.	Suppliers, customers	The company regularly monitors its materials consumption and works to continually improve on the designs and construction practices to ensure the optimization of materials without compromising quality or durability.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Significant portion of the total cost of the projects pertain to waste facilities construction materials and equipment. The reduction and proper maintenance in materials usage has corresponding effect on financial performance.	Customers, shareholders	The company is working on analyzing the efficiency of the usage of materials in its current waste management project development. Through the data generated, better design and systems can be created to increase efficiency in the usage of materials.

Environmental impact management

Air Emissions

GHG

BEST, Inc.	Quantity	Units
Direct (Scope 1) GHG Emissions	Not Available	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	Not Available	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	Not Available	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Air emissions identified by the company are mostly from the use of fuel for our vehicle fleet. Indirect emissions come from the overall operations of the company in its facility site and corporate office.	Community, customers, employees, shareholders	The company's objective is to reduce emissions generated by continuously improving its efficiency in the usage of fuel for collection fleet. Regular maintenance of collection fleet is being monitored. The company submits quarterly and semi-annual report on the environmental performance of our facilities to DENR.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
GHG emissions from the collection fleet and facilities, and generation of electricity can contribute to climate change.	Community, customers, employees, shareholders	The company will work on the reduction of air emissions and energy conservation measures to mitigate the impact of GHG emissions. The company plant trees surrounding its facilities and maintain its roads to prevent dust pollution.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The company sees an opportunity to reduce carbon emissions by incorporating energy efficiency guidelines for its facilities and offices and proper care and maintenance of its collection fleet which can have a direct financial impact.	Community, customers, employees, shareholders	The company's expected to translate to reduction in air emissions and considerable energy savings through proper guidelines and procedures that will be prepared.

Air pollutants

BEST, Inc.	Quantity	Units
NO_x	Not Available	kg
SO_x	Not Available	kg
Persistent organic pollutants (POPs)	Not Available	kg
Volatile organic compounds (VOCs)	Not Available	kg
Hazardous air pollutants (HAPs)	Not Available	kg
Particulate matter (PM)	Not Available	kg

Solid and Hazardous Wastes

Solid Waste

BEST, Inc.	Quantity	Units
Total solid waste generated	182.50	kg
Reusable	9.13	kg
Recyclable	45.63	kg
Composted	Not Available	kg
Incinerated	Not Applicable	kg
Residuals/Landfilled	127.75	kg

Hazardous Waste

BEST, Inc.	Quantity	Units
Total weight of hazardous waste generated	None	kg
Total weight of hazardous waste transported	None	kg

Effluents

BEST, Inc.	Quantity	Units
Total volume of water discharges	4,500,000	Cubic meters
Percent of wastewater recycled	50	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Wastes Wastes that are generated from the company's offices/sites are collected by our group as we are engaged in waste management and an accredited waste collector. The collected wastes are properly disposed in the landfill/s closest to the office/site location.	Employees, community, suppliers, customers, stakeholders, environment	The company assesses the capability of its waste collectors to ensure proper waste disposal.
Effluents The company consumes water in its project site and corporate office. The company produces water discharges as a result of its day to day operations.	Employees, community, suppliers, customers, stakeholders, environment	The Company minimizes effluents by designing and incorporating in its project site wastewater/recirculation system and good housekeeping activities.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Failure in properly managing wastes and effluents have negative impact on the environment, human health and the company's reputation. Noncompliance may also result to penalties which will impact the company's financials.	Employees, community, suppliers, customers, stakeholders, environment	Sustainable waste management practices such as reuse, recycling, segregation, sewage treatment facilities, wastewater treatment/recirculation, proper water drainage and/or discharge are implemented as much as practicable.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Reuse and recycling as well as waste segregation can be done at source so that there will be a reduction in the residual wastes generated and collected for disposal to landfills. The company will evaluate its waste water treatment/recirculation to ensure efficient use of water.	Employees, community, suppliers, customers, stakeholders, environment	Proper implementation of reuse, recycle, segregation, waste water treatment shall be assessed and reviewed.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

BEST, Inc.	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	Php
No. of cases resolved through dispute resolution mechanism	0	Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The company's main business activity is waste management services. This includes construction involving movement of soil, materials and other resources that can disrupt environment.	Employees, community, government, environment	The company recognizes that compliance to environmental laws is paramount to its operations. A team and a Pollution Control Officer focused to manage and monitor compliance to environmental laws is established in the company.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Due to the nature of the company's business operations, there is a risk of non-compliance with environmental laws.	Employees, community, government, environment	The company takes its responsibility to the environment seriously and environmental compliance is one of the key aspects in its internal audit.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The company strategizes to improve its monitoring system to ensure full compliance in the Government's environmental laws and regulations.	Employees, community, government, environment	The company continuously conducts internal trainings and third-party advisories to monitor full compliance to the environmental laws and regulations.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

BEST, Inc.	Quantity	Units
Total number of employees	115	
a. Number of female employees	18	#
b. Number of male employees	97	#
Attrition rate	0%	rate
Ratio of lowest paid employee against minimum wage	None	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	4	10
PhilHealth	Y	0	5
Pag-ibig	Y	4	20
Parental leaves	Y	0	0
Vacation leaves	Y	10	80
Sick leaves	Y	7	25
Medical benefits (aside from PhilHealth))	Y	0	0
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	0	0
Further education support	N	0	0
Company stock options	N	0	0
Telecommuting	N	0	0
Flexible-working Hours	N	0	0
Rice subsidy	N	0	0
Clothing allowance	N	0	0

Diversity and Equal Opportunity

BEST, Inc.	Quantity	Units
% of female workers in the workforce	9%	%
% of male workers in the workforce	91%	%
Number of employees from indigenous communities and/or vulnerable sector*	0%	0%

Employee Training and Development

BEST, Inc.	Quantity	Units
Total training hours provided to employees	888	
Female employees	804	hours
Male employees	84	hours
Average training hours provided to employees	12	
Female employees	12	hours/employee
Male employees	12	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes that employees are instrumental to the realization of the company's goals and success.	The company has policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and success. The company ensures that employees are valued for their contributions and are continuously empowered through professional development opportunities.
What are the Risk/s Identified?	**Management Approach**
Employment risk is part of doing business. This risk will directly affect the Company's culture, brand, operational efficiency, and ultimately profitability.	The Company conducts regular employee satisfaction survey to determine the employees' satisfaction and feedback to address any personnel concerns within the company. The company ensures that their compensation is consistent with the company's culture, strategy and industry standards.
What are the Opportunity/ies Identified?	**Management Approach**
Personal growth and development empowers employees to perform better results and meet their goals. Through development opportunities within the workplace, the company can expect to attract prospective employees and keep current employee population motivated, productive and confident.	The company conducts regularly a review of the Human Resources Development/Personnel Handbook to strengthen provisions on salaries and benefits policies, promotion and career advancement directives.

Labor-Management Relations

BEST, Inc.	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Not Applicable	%
Number of consultations conducted with employees concerning employee-related policies	None	#

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

BEST, Inc.	Quantity	Units
Safe Man-Hours	Not Applicable	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	3	#

Labor Laws and Human Rights

BEST, Inc.	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	Y	The company guarantees full respect for human rights and upholds the dignity of its employees.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company ensures compliance with the labor code and other laws and regulations protecting the rights of all its employees while promoting a healthy and safe environment in the workplace.	The company requires key personnel to attend health and safety training/seminar to help employees identify hazards and adopt safe and healthy working practices.
What are the Risk/s Identified?	**Management Approach**
The company recognizes that threats to the rights, health and safety of its employees impacts productivity, as well as employee retention and engagement.	Assessments are routinely made to ensure that safe working practices are adopted and workers are compliant to the company's health and safety standards.
What are the Opportunity/ies Identified?	**Management Approach**
The company sees the opportunity to not only cascade compliance to labor laws and regulations within the company but also to partners, suppliers and contractors that the company is in business with. The company continues to work with business partners to build a culture of health and safety within and outside its organization.	The company will continue to focus on the proper identification, monitoring, assessment and management of the risks associated with workplace hazards conditions, labor standards and human rights.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Yes, through verbal query
Forced labor	Y	Yes, through verbal query
Child labor	Y	Yes, through verbal query
Human rights	Y	Yes, through verbal query
Bribery and corruption	Y	Yes, through verbal query

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes the role of its business partners in delivering the company's services and strives to maintain a long- term, mutually beneficial relationship between suppliers, contractors and service providers.	The company provides equal opportunities and promotes fair and open competition among its suppliers and trade partners.
What are the Risk/s Identified?	**Management Approach**
The company recognizes the risk that suppliers and service providers may not deliver the products and services as specified and on time; they may not apply in their operations the correct practices agreed upon during the initiation of the contract.	The existing supplier accreditation policy ensures that its trade partners meet the company's standards in delivering quality output. Also, the accreditation process aids to assess the supplier's capability and compliance to all relevant laws and regulations.
What are the Opportunity/ies Identified?	**Management Approach**
The company can still improve its current accreditation standards, process and criteria.	Management, through the top officers will review its existing supplier accreditation policies to enhance and include relevant criteria to achieve sustainability.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)
Local Employment Hiring The company prioritizes and hires employees who are local residents of the barangays, cities/municipalities wherein company operations are located. **Local Government Partnership** The company communicates regularly with the local governments such as Barangay San Guillermo, Morong, Rizal and the local government of Morong, Rizal, Passi City, Iloilo Province, wherein BEST's operates and owns/co-owns a sanitary landfill to ensure the company's operations are in line with the local government's objectives.

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

Customer Management

Customer Satisfaction

BEST, Inc.	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	99%	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes that customer satisfaction will impact the entire organization as it reflects the overall experience of the customer. It does not only have a direct impact financially but it also affects morale and retention.	The company prioritizes its customers by implementing the following: 1) Customer Communications focused on Billings, Collections and Treasury, and Documentation 2) Managing Systems (Customer Portal, Trunk line, Email, SMS, FB) 3) Responding to general customer queries (FB, Email, Phone)
What are the Risk/s Identified?	**Management Approach**
Customer dissatisfaction can gravely affect the Company's business and customer relationships.	The company continues to provide quality waste management services at the best price. The company values advertising by word of mouth and first-hand experience by their brokers, agents and return customers.
What are the Opportunity/ies Identified?	**Management Approach**
The company will promptly provide the most appropriate solutions to any issues that may be of concern to customers.	The company will identify the needs of its customers, and solicit feedback from customers at every step of the process.

Health and Safety

BEST, Inc.	Quantity	Units
No. of substantiated complaints on product or service health and safety*	None	#
No. of complaints addressed	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures customer's health and safety.	The company ensures that its properties do not pose any risk to health and safety to its stakeholders.
What are the Risk/s Identified?	**Management Approach**
Accidents that are out of the company's control that can happen within the company's premises, projects, facilities.	The company is committed to meet the highest standards to be resilient to any structural threats.

What are the Opportunity/ies Identified?	**Management Approach**
The company continues improvement in the areas of health and safety.	Regular medical check-up and safety seminars are being conducted.

Marketing and labelling

BEST, Inc.	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company advertises its services through printed ads, brochures, online platforms e.g. company website, Facebook page, and other promotional means.	The company ensures that it complies with existing laws and regulations pertaining to product promotions and advertising.
What are the Risk/s Identified?	**Management Approach**
There are no significant risks identified.	Not Applicable
What are the Opportunity/ies Identified?	**Management Approach**
Labels can create profound impacts on the company's overall marketing efforts and can gravely affect a potential buyer's decision to purchase.	The company's marketing and labelling strategy ensures that these cater to what the market needs and prefers.

Customer privacy

BEST, Inc.	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company ensures that customer privacy and customer data be kept confidential and be used only for business purposes.	The company has a Grievance Policy to resolve any complaints from customers regarding customer privacy.
What are the Risk/s Identified?	**Management Approach**
Lack of employee awareness regarding customer privacy may lead to breaches.	Proper training of employees who talk to and handle customers to ensure customer privacy is protected.
What are the Opportunity/ies Identified?	**Management Approach**
Programs to be conducted on all employees and officers to ensure protection of customer privacy.	The Board to initiate needed trainings for customer privacy.

Data Security

BEST, Inc.	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
All customer personal information such as names, addresses, contact information, signature, and other details that were collected by the company in the course of its transactions with them are logged in the company's database and can be accessed only by duly authorized personnel.	The company conducts a regular review that such customers' data are sufficiently protected.
What are the Risk/s Identified?	**Management Approach**
The company recognizes that there is a threat to data security due to cyber hacking and mishandling of data. This may result to disruption in the company's operations and/or loss/theft of corporate information and/or personal identification information.	The company conducts a regular review that such customers' data are sufficiently protected.
What are the Opportunity/ies Identified?	**Management Approach**
The company continues to assess data management system to improve customer confidence and patronage.	The company is now incorporating data privacy as a key principle in its programs, projects, procedures, measures, software and technologies.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal value/ Contribution to UN SDGs	Potential Negative Impact or Contribution	Management Approach to Negative Impacts
Segregation-at-source/Grassroots level Information, Education and Communication (IEC) Campaign BEST TRASH TO CASHBACK	3 GOOD HEALTH AND WELL BEING 4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	Additional waste generation from giving out flyers, educational materials.	Online materials, use of social media accounts for IEC.

Waste Collection	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES		
Waste Diversion	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	Displacement of informal waste sector (junkshops, aggregators)	Involving the informal waste sector as part of the closed loop system as recyclables waste sources and accepting the types of materials that is of no use to their existing business but can be used as refuse-derived fuel (RDF) for Ecoedge Resources Corporation.

Waste Processing BEST TRASH TO CASHBACK coedge	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	Health and safety concerns on incoming waste types	Quality assurance and quality control on recyclables (segregated, clean, and dry) accepted on each Trash to Cashback drop off location, with right to refuse items that cannot be processed or contaminated with other types of waste.
Waste Disposal SITE by MY BASURERO	3 GOOD HEALTH AND WELL BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	Health and safety hazards to nearby communities	Placement of engineering interventions to prevent leachate leakage and daily odor control and soil cover. Usage of QR codes to monitor ingress and egress of accredited vehicles for control and safety. Segregation and sorting on-site are not allowed.

Methane extraction to power generation			The company plans to have partnership with company with expertise on extracting methane from sanitary landfill for energy generation

UN SUSTAINABLE DEVELOPMENT GOALS (ALTERNATIVE)

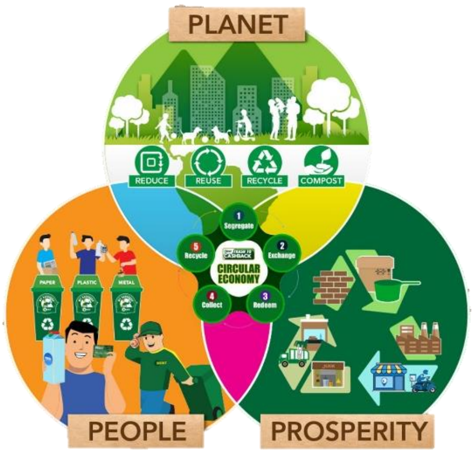
Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Trash to Cashback (TTCB) Program

Trash to Cashback Program aims to reduce the amount of wastes that are leaked to the environment through sustainable and efficient means by rewarding individuals who continuously exchange their segregated recyclables and be an avenue for behavioral change.

TTCB connects Eco-Warriors (e.g. individuals, companies, Local Government Units) and waste management providers (e.g. recycling and upcycling partners, waste collectors and transporters, sanitary landfill operators) towards a closed loop system that enablers the former to help the environment by exchanging their recyclables for incentives, while the latter is able to prolong the lifespan of these resources.



By recycling, repurposing, and reusing our resources, we are able to bring these back to the supply chain as new products with a new purpose.

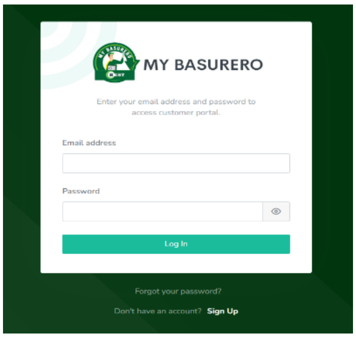
Anchored to Republic Act 9003 (**Ecological Solid Waste Management Act of 2000**) and Republic Act 11898 (**Extended Producer Responsibility Act of 2022**), TTCB became a platform for multistakeholder participation to ensure compliance, monitoring and forecasting in the said Republic Acts.

TTCB has become the end-to-end data management system, linked to My Basurero, to keep track of the waste mass flow from the generator to diversion and/or disposal.

With this breakthrough that started in 2021, TTCB has partnered with different companies as their official retrieving partner of different recyclable types with the common goal of creating programs to reach every Filipino to become eco-champions of their communities. Partnership with micro, small and medium enterprises has revolutionized the industry by creating new avenues to see waste as a resource.

My Basurero App

My Basurero Application is one of the waste value chain innovations designed by BEST on 2021. It started as a fleet management platform for internal use then evolved into catering to clients needs at the height of the pandemic. Customers can now book a waste collection trip using the application and can even earn environmental points that may be used as payment for succeeding trips to be booked.



My Basurero has become the brand of BEST as the new face of waste management, boosting the morale of our helpers, drivers and sorters. Time and motion reports are generated for each trip, and satisfaction of customers in waste collection and transport is prioritized.

In the new normal, My Basurero is poised to be one of the key tools in baselining, not only in the existing collection and transport nodes of the value chain. It is now expanding its reach to waste disposal monitoring through Site by My Basurero.

Site by My Basurero is a tool used in sites monitoring through fleet accreditation and issuance of QR codes. Site by My Basurero is under proof-of-concept stage aimed to be implemented in all waste diversion, waste processing and waste disposal facilities of BEST.