

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Janine G. Manzano										(632) 7218-0437									
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Contact Person Company Telephone Number

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Month Fiscal Year Day FORM TYPE Month Annual Meeting Day

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/ Section

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Total No. of stockholders

Total Amount of Borrowings									

Domestic Foreign

To be accomplished by SEC Personnel concerned

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File Number

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**SECURITIES AND EXCHANGE COMMISSION SEC FORM
17-A**

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

1. For the fiscal year ended **December 31, 2023**
2. Commission identification number **25160**
3. BIR Tax Identification No **000-189-138-000**
4. Exact name of issuer as specified in its charter **Millennium Global Holdings, Inc.**
5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. **Lot 9 Block 2, John St., Multinational Village, Paranaque City**
Address of issuer's office
8. Issuer's telephone number, including area code: **(632) 8551-2575**
9. **N/A**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,369,684,619 shares

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

Yes ☒ No ☐

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

Philippine Stock Exchange; Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 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 the registrant was required to file such reports)

Yes ☒ No ☐

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

Yes ☒ No ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The aggregate market value of the voting stock held by non-affiliates of the Company as of December 31, 2023 is Php121,065,572.131 (1,198,669,031 shares @ Php0.101/share)

**APPLICABLE ONLY TO ISSUERS 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 ☐ (N/A)

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)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our discussions in the succeeding sections of this report pertain to the results of our company's operations for the twelve (12) months ended December 31, 2023. References are going to be made on results of operations for the same period of the previous year 2022.

This report may also contain forward-looking statements that reflect our current views with respect to the company's future plans, events, operational performance, and desired results. These statements, by their very nature, contain substantial elements of risks and uncertainties, and therefore, may not be 100% accurate. Actual results may be different from our forecasts.

Furthermore, the information contained herein should be read in conjunction with the accompanying audited consolidated financial statements and related notes. Our financial statements, and the financial discussions below, have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

PART I. BUSINESS AND GENERAL INFORMATION

Millennium Global Holdings, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission ("SEC") per SEC Registration No. 25160 on May 19, 1964. Currently a general holding company, it is listed in the Philippine Stock Exchange, Inc. (the "PSE") since March 1, 1976 with the ticker code MG.

In the recent years, the Company has established its presence through the seafood businesses of its subsidiaries. Nevertheless, it adopts a positive stance to portfolio diversification and varied business opportunities as the SEC on February 14, 2013 approved, among others, the amendment of its primary purpose to become a general holding company.

On February 1, 2017, the SEC approved the Company's application for decrease in authorized capital stock to ₱250 Million and equity restructuring. On March 20, 2017, the SEC further approved the equity restructuring to partially wipe out the remaining deficit as of December 31, 2015.

On December 18, 2020, the stockholders of the Company approved the change of the principal office of the Company to Lot 9 Block 2 John St., Multinational Village, Paranaque City.

Status of Operations

To date, the Company has two subsidiaries—the MOSC and C3.

The Company owns 51% controlling interest in MOSC. MOSC is primarily engaged in the processing of high-quality seafood and aquaculture products for export and trading of imported marine and other related products. Its key business activity is the processing and export of several quality and high valued seafood products such as Black Tiger Shrimps, Kisu (asohos) fillet, frozen lobsters, etc. Its processing plants and buying stations are strategically located all over the country, enabling it to have a strong market foothold in Japan, Taiwan, Hong Kong, Vietnam, Malaysia, Singapore, United States of America, Canada, etc. MOSC also imports salmon, mackerel scad, scallops, shrimps, etc. for the local market, supplying supermarkets, groceries, food processors, hotels, and restaurants nationwide.

The Company also owns 51% stake in C3, with the intention of making it a 100%-owned subsidiary. To date, the Company's acquisition of the remaining 49% of C3, through purchase of secondary shares from existing shareholders of the Subsidiary, is yet to be completed. C3 is a domestic company engaged in the business of manufacturing, processing and dealing in pasteurized canned crabmeat, frozen marine products and other food products for export purposes. The raw crab meat which is the main material used in the business is locally sourced by C3.

Due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

Key Competitors

No key competitors are identifiable for the year 2023.

Principal Suppliers

No principal suppliers are identifiable for the year 2023.

Dependence on a Few or Single Customer

No key customer/s are identifiable for the year 2023.

Transaction with and/or Dependence on Related parties

As a result of the Asset Purchase Agreement executed on September 28, 2011, all Management Agreements and Related Parties were transferred to IPVI.

In 2013, the stockholders approved the investment in and/or acquisition of various businesses and operating companies, including 51% controlling interest in MOSC, majority-owned by the Company's Chairman and President, Yang Chi Jen. A Subscription Agreement acquiring 51% controlling interest in MOSC was consequently executed on January 10, 2014.

In 2014, the stockholders approved the issuance and listing of 9.125 Million shares at par value of Php1.00/share which were subscribed by the Company's Chairman/President and CEO, Yang Chi Jen.

In 2017, the Company made additional subscription to 117,091,837 primary shares of its subsidiary, MOSC, at par value of Php1.00 per share, to maintain the Company's 51% ownership in MOSC.

In 2017, Yang Chi Jen, subscribed to the remaining 365,785,000 unissued shares of the Company at Php0.20 per share, double the lowered par value of Php0.10 per share, equivalent to a total amount of Php73,157,000 with premium of Php36,578,500. The BOD likewise approved the subscription by Yang Chi Jen to at least 25% of the proposed increase in authorized capital stock of the Company at Php0.20 per share. The increase in authorized capital stock of the Company was initially pegged from Php250,000,000 to Php750,000,000 but was later amended during the year to an amount as may be determined by the BOD but not exceeding Php10 Billion. This was approved by the stockholders on December 18, 2020.

On March 18, 2021, the members of the Board of Directors of approved the initial increase of the authorized capital stock of the Company from ₱250 Million to ₱750 Million, divided into 5,000,000,000 common shares at par value of ₱0.10/share. The transaction pertains to private placement through an increase in authorized capital stock subject to and effective upon the approval of the Securities and Exchange Commission. The 5,000,000,000 common shares shall be subscribed by Yang Chi Jen (Michael Yang) with subscription price per share of ₱0.20 and total subscription amount of ₱1,000,000,000. The proceeds of the transaction shall be invested by the Company in its subsidiary, Millennium Ocean Star Corporation (MOSC), for the purpose of supporting its operations and expanding its production lines for fish and meat canning, meat and seafoods processing, and sauces.

Effect of Existing or Probable Government Regulations on the Business

The government regulations affecting the Company have no significant or minimal impact on its business in 2019 and prior years. However, beginning 2020, amid the COVID-19 pandemic and compliance with the directives of the government to observe the rules on varying degrees of community quarantine, operations of subsidiaries were streamlined and kept at minimum to balance the health and safety of workers and employees.

Development Activities

The Company has not engaged in significant development activities in 2023.

Cost and Effects of Compliance with Environmental Laws

The Company is committed to complying with the relevant environmental laws and regulations. Its costs and effects have no significant impact on its business in 2023.

Employees

Beginning 2014, personnel support has been provided to the Company through its subsidiaries, MOSC and C3. The Company in the normal course of business will hire personnel, as needed, to support the businesses that it will undertake in the future. Furthermore, the Company complies with government prescribed labor standards.

Description of Properties

The Properties are comprised mostly of land, processing plants and equipment, machinery and delivery equipment owned by the Company's subsidiaries.

Submission of Matters to a Vote of Security Holders

On August 25, 2023, the stockholders of the Company representing 1,219,437,588 outstanding shares, or 51.46% thereof, elected the following members of the Board of Directors for the ensuing year:

1. Yang Chi Jen (a.k.a Michael Yang)
2. Yeh Hsiu-Yin
3. Hsien-Tzu Yang
4. Willy O. Dizon

5. Maria Soledad C. Lim
6. Nancy T. Golpeo
7. Atty. Ernesto S. Go
8. Amelia T. Tan
9. Aracelli G. Co
10. Maria Luisa T. Wu (Independent)
11. Cristina Hiltrude L. Aganon (Independent)

On the said meeting, the following matters were approved and/or ratified by the stockholders:

1. Minutes of the previous Annual Stockholders' Meeting held on December 7, 2022;
2. Audited Financial Statements for the calendar year ended December 31, 2022, as contained in the Annual Report;
3. All prior acts and proceedings of the Board of Directors, Corporate Officers and Management;
4. Appointment of Valdes Abad & Company as External Auditor for the calendar year 2023

During the organizational meeting of the new Board following the stockholders' meeting, the following were duly elected:

Name	Positions
Yang Chi Jen a.k.a. Michael Yang	Chairman / President & CEO
Amelia T. Tan	Treasurer
Lyra Gracia Y. Lipae-Fabella	Corporate Secretary

The Board likewise approved the appointments of Atty. Lyra Gracia Y. Lipae-Fabella as Corporate Information Officer and Alternate Compliance Officer; Mr. Yang Chi Jen as Alternate Corporate Information Officer and Alternate Compliance Officer; and Ms. Janine G. Manzano as Compliance Officer and Alternate Corporate Information Officer.

PART II. RESULTS OF OPERATIONS

Consolidated Statements of Financial Position	As of December 31		Increase (Decrease)	
	2023	2022	Amount	%
Total Assets	1,993,691,952	2,081,509,352	(87,817,400)	-4.22%
Current Assets	1,709,797,841	1,740,483,066	(30,685,225)	-1.76%
Property and Equipment	226,689,882	282,525,694	(55,835,812)	-19.76%
Total Liabilities	1,330,976,291	1,416,602,859	(85,626,568)	-6.04%
Current Liabilities	1,269,687,605	1,355,186,349	(85,498,744)	-6.31%
Interest-bearing Loans	968,477,500	1,058,507,424	(90,029,924)	-8.51%
Equity (capital deficiency)	662,715,661	664,906,493	(2,190,832)	-0.33%
Consolidated Statements of Comprehensive Income	Increase (Decrease)		Amount	%
	2023	2022		

Revenues	1,001,876,959	999,319,692	2,557,267	0.26%
Gross Profit	63,164,612	63,253,396	(88,784)	-0.14%
General and administrative expenses	43,165,919	44,976,052	(1,810,133)	-4.02%
Earnings Before Interest, Taxes, Depreciation & Amortization	105,460,556	140,398,618	(34,938,062)	-24.88%
Profit / (Loss) before tax	(1,618,244)	371,319	(1,989,563)	-
Profit / (Loss) after tax	(2,190,833)	(913,517)	(1,277,316)	535.81%
Total Comprehensive Income (Loss)	(2,190,833)	(913,517)	(1,277,316)	139.82%
Consolidated Cash Flows				
	<u>Increase (Decrease)</u>			
	2023	2022	Amount	%
Net Cash from operating activities	63,965,026	200,432,946	(136,467,920)	-68.09%
Net Cash from investing activities				-
Due from related parties	10,077,597	(1,157,374)	11,234,971	970.73%
Collection of subscription receivables	-	-	-	100.00%
Acquisition of property & equipment	(28,715,350)	(59,000,001)	30,284,651	-51.33%
Addition to investment in associate				
Net Cash from Financing Activities	(113,493,701)	(135,760,524)	22,266,823	-16.40%
Key Performance Indicators				
	2023	2022		
Current Ratio	1.35	1.35		
Quick Ratio	1.26	1.26		
Solvency Ratio	1.50	1.50		
Debt Ratio	0.67	0.67		
Debt to Equity	2.01	2.01		
Interest Coverage	(4.68)	(4.68)		
Asset to Equity Ratio	3.01	3.01		
Gross Profit Margin	0.06	0.06		
Net Profit Margin	(0.0022)	(0.0022)		
Return on Assets	(0.0011)	(0.0011)		
Return on Equity	(0.0033)	(0.0033)		

Price/Earnings Ratio	(89.6980)	(89.6980)
Book Value per Share	0.2797	0.2806
As of Dec. 31		
	2023	2022
Outstanding Shares	2,369,684,619	2,369,684,619
Ave. Exchange Rates (\$ to Peso)	55.580	56.120
<i>Please refer to Financial Statement Notes</i>		

Financial Highlights and Key Performance Indicators				
Consolidated Statements of Financial Position	As of December 31,		Increase (Decrease)	
	2022	2021	Amount	%
Total Assets	2,081,509,352	2,193,414,925	(111,905,573)	(5.10%)
Current Assets	1,740,483,066	1,794,044,399	(53,561,333)	(2.99%)
Property and Equipment	282,525,694	342,144,492	(59,618,798)	(17.43%)
Total Liabilities	1,416,602,859	1,514,506,392	(97,903,533)	(6.46%)
Current Liabilities	1,355,186,349	1,462,257,507	(107,071,158)	(7.32%)
Interest-bearing Loans	1,058,507,424	1,161,425,041	(102,917,617)	(8.86%)
Equity (capital deficiency)	664,906,493	678,908,533	(14,002,040)	(2.06%)
Consolidated Statements of Comprehensive Income	For the 12 Months Ended		Increase (Decrease)	
	2022	2021	Amount	%
Revenues	999,319,692	981,122,351	18,197,341	1.85%
Gross Profit	63,253,396	62,759,501	493,895	0.79%

General and administrative expenses	44,976,052	47,077,869	(2,101,817)	(4.46%)
Earnings Before Interest, Taxes, Depreciation & Amortization	140,398,618	94,427,394	45,971,224	48.68%
Profit / (Loss) before tax	371,319	(1,807,259)	2,178,577	(120.55%)
Profit / (Loss) after tax	(913,517)	(2,144,646)	1,231,129	(57.40%)
Total Comprehensive Income (Loss)	(913,517)	(2,144,646)	1,231,129	(57.40%)
Consolidated Cash Flows	For the 12 Months Ended		Increase (Decrease)	
	2022	2021	Amount	%
Net Cash from operating activities	200,432,946	(148,028,298)	348,461,244	(235.40%)
Net Cash from investing activities				
Due from related parties	(1,157,374)	6,901,313	(8,058,687)	(116.77%)
Collection of subscription receivables	-	5,328,500	(5,328,500)	(100.00%)
Acquisition of property & equipment	(59,000,001)	(87,225,609)	28,225,608	(32.36%)
Net Cash from Financing Activities	(135,760,524)	468,648,695	(604,409,219)	(128.97%)
Key Performance Indicators	For the 12 Months Ended			
	2022	2021		
Current Ratio	1.28	1.23		
Quick Ratio	0.87	0.83		
Solvency Ratio	1.47	1.45		
Debt Ratio	0.68	0.69		
Debt to Equity	2.13	2.23		
Interest Coverage	(1.02)	(0.92)		
Asset to Equity Ratio	3.13	3.23		
Gross Profit Margin	0.06	0.06		
Net Profit Margin	(0.0009)	(0.0022)		
Return on Assets	(0.0004)	(0.0010)		
Return on Equity	(0.0014)	(0.0032)		
Price/Earnings Ratio	(312.95)	(498.42)		
Book Value per Share	0.28	0.27		
	As of Dec. 31	As of Dec. 31		
	2022	2021		
Outstanding Shares	2,369,684,619	2,500,000,000		
Ave. Exchange Rates (\$ to Peso)	56.120	50.774		
<i>Please refer to Financial Statement Notes</i>				

Ratios

- *Current Ratio is computed by dividing Current Assets by Current Liabilities.*
- *Quick Ratio is computed by dividing Current Assets less Inventory and Prepayments by Current Liabilities*
- *Solvency Ratio is computed by dividing Total Assets by Total Liabilities.*
- *Debt Ratio is computed by dividing Total Debts by Total Assets.*
- *Debt to Equity Ratio is computed by dividing Total Debts by Total Equity.*
- *Net Profit Margin Ratio is computed by dividing Net Profit (Loss) by Total Revenue.*
- *Gross Margin is computed by dividing Gross Profit by Total Revenue.*
- *Interest Coverage Ratio is computed by dividing EBIT by Interest Charges.*
- *Return on Assets Ratio is computed by dividing Net Profit (Loss) by Total Assets.*
- *Return on Equity Ratio is computed by dividing Net Profit (Loss) by Total Equity.*
- *Price/Earning Ratio is computed by dividing Price per Share by Earnings per share.*

Discussion on Financial Results

2023 versus 2022

Assets

Total assets decreased by Php87.8 Million from Php2.081 Billion as of December 31, 2023, comprising mainly of decrease in property, plant and equipment of Php55.8 Million, among others.

Liabilities

The decrease in total liabilities by Php85.6 Million as of December 31, 2023 was partly due to the decrease in loans by Php90 Million.

Equity

For 2023, the Company reclassified the return of capital into treasury shares instead of direct deduction from the share capital, amounting to 13,031,538.

Revenues

Total revenues increased by Php2.6 Million as of December 31, 2023.

2022 versus 2021

Assets

Total assets decreased by Php111 Million from Php2.193 Billion as of December 31, 2021 to Php2.081 Billion as of December 31, 2022. Comprising mainly of decrease in inventories of Php18.3 Million, decrease in property, plant and equipment of Php59.6 Million, increase cash of Php4.5 Million and decrease in trade and other receivables of Php43.4 Million.

Liabilities

The decrease in total liabilities by Php97.9 Million from Php1.514 Billion as of December 31, 2021 to Php1.417 Billion in December 31, 2022 was mainly due to the increase in borrowings by Php102.9 Million.

Equity

The total equity decreased by Php14 Million from Php678.9 Million as of December 31, 2021 to Php664.9 Million as of December 31, 2022.

Revenues

Total revenues increased by Php18.2 Million from Php981.1 Billion as of December 31, 2021 to Php999.3 Million as of December 31, 2022.

Finance cost of Php22.3 Million as of December 31, 2022 represents interest expense on borrowings of Php15.1 Million and finance lease of Php7.2 Million.

Additional details on balance sheet accounts may be found in the accompanying Notes to Financial Statements.

Expenses

Comparing the twelve (12) months ended December 31, 2022 against twelve (12) months ended December 31, 2021, the top expenses in Peso terms are as follows:

- **Cost of Sales**

Total cost of sales for Php936 Million in 2022 represents cost of 94% of gross sales of Php999.3 Million.

- **Salaries and Benefits**

Total salaries for 2022 amounted to Php4.2 Million which represents 9% of general and administrative expenses.

Below is the headcount summary for year ended December 2023 and proceeding four (4) quarters:

Headcount Summary	Dec.-22	Mar-23	Jun-23	Sep-23	Dec.-23
MGHI	-	-	-	-	-
MOSC					
Managerial	11	11	11	11	11
Rank and File	353	353	350	354	357
Consultants	-	-	-	-	-
C3					
Managerial	0	0	0	0	0
Rank and File	0	0	0	0	0
Consultants					
Total	364	364	361	367	368

- **Taxes and licenses** for the year 2022 amounted to Php13.2 Million. This accounts for about 29% of the group's total operating expenses.
- **Transportation and travel** for the year 2021 amounted to Php.38 Million. This accounts for about 1% of groups' total operating expenses. For the year 2021 it amounted to Php.37 Million.

Liquidity and Capital Resources

The following table shows our consolidated cash flows as of December 31, 2022 and 2021:

Consolidated Cash Flows	For the 12 Months Ended		Increase (Decrease)	
	2022	2021	Amount	%
Net Cash from operating activities	200,432,946	(148,028,298)	348,461,244	(235.40%)
Net Cash from investing activities				
Due from related parties	(1,157,374)	6,901,313	(8,058,687)	(116.77%)
Acquisition of property & equipment	(59,000,001)	(87,225,609)	28,225,608	(32.36%)
Net Cash from Financing Activities	(135,760,524)	468,648,695	(604,409,219)	(128.97%)

Cash as of December 31, 2022 is Php395.4 Million as compared to Php390.9 Million on December 31, 2021. Cash increased by Php4.5 Million due to additional investment from proceeds of the deposits for future stock subscriptions.

Operating Activities

Total cash from operations in 2022 decreased by Php347.6 Million from an outflow of Php148 Million in 2021 to an inflow of Php199.6 Million in 2022. The decrease was mainly due to increased credit sales and decreased collection of receivables.

Investing Activities

Total net cash outflows from investing activities in 2022 of Php60.2 Million were from acquisition of property and equipment and advances to related parties.

Financing Activities

In 2021, the net cash outflow from financing activities was due to Php22 Million payment of finance cost and Php250 Million deposit for future stock subscriptions and Php255.3 Million proceeds from borrowings by MOSC.

In 2022, the net cash outflow from financing activities was due to Php22.3 Million payment of finance cost and Php102.9 Million proceeds from borrowings by MOSC.

Seasonal aspects that had a material effect on the financial condition or results of operations

There are no identifiable seasonal aspects that had a material effect on the financial condition or results of operations.

Requirements under SRC Rule 17 and 68.1

We have extensively disclosed the risks in this report and Financial Statements filed with the exchange.

Financial Risk Assessment

The Company and its operating subsidiaries face various categories and levels of risk. Inherent in all of the businesses is Counterparty risk, or the risk that clients may stop or delay payments of their service invoices, and that suppliers may fail to deliver the goods and services. Each company is addressing these issues through continuous dialogue with, and management of, the specific counterparty at risk. We do not see, at this point, that any failure on the part of our customers, our suppliers, or a group thereof, would materially affect the financial conditions and results of the company.

Currency Risk

During the period when the Peso was still strong, the company decided to hedge its net USD inflows with a foreign bank, by fixing the USD-Peso exchange rate until the end of the contract. Since then, the Peso has depreciated and we may see the USD to strengthen as the other economies are affected by the credit crisis, and inflows from OFW remittances may slow down.

Disclosure on Financial Instruments

The Company does not carry any market-based financial instruments, derivatives, and other similar products in their portfolios. Hence, the evaluation of these financial instruments, comparison to fair values and realization of gains or losses, criteria for determining fair values, are not applicable to the Company.

Aside from risks that are inherent in our businesses, such as risks from competitive forces and from the performance of business operations, we do not foresee any other trend, event or uncertainty that will have a material impact on our net sales and income from the continuing operations of our subsidiaries.

Any events that will trigger direct or contingent financial obligation, which is material to the company, including default or acceleration of an obligation.

We do not foresee any event that would trigger direct or contingent financial obligation, including default or acceleration of any obligation.

The Company's operations have since resumed and become regular after some temporary disruptions as a result of the community quarantines which the government imposed beginning March 17, 2020. Due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production

was temporarily absorbed by MOSC. This irregularity may continue in the coming months until such time that it is deemed appropriate to resume C3 regular operations.

While the irregularity of operations due to COVID-19 pandemic is currently considered to be temporary, management anticipates that any significant or prolonged suspension of businesses and/or restrictions on the movement of workers will negatively impact the Group's financial condition and operations – specifically in its production and distribution channels.

All material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

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

Any significant elements of income or loss that did not arise from the issuer's continuing operations.

The Company's operations have since resumed and become regular after some temporary disruptions as a result of the community quarantines which the government imposed beginning March 17, 2020. Due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

While the irregularity of operations due to COVID-19 pandemic is currently considered to be temporary, management anticipates that any significant or prolonged suspension of businesses and/or restrictions on the movement of workers will negatively impact the Group's financial condition and operations – specifically in its production and distribution channels.

Issuances, repurchases, and repayments of debt and equity securities.

Pursuant to the approval of the stockholders on December 18, 2020, the members of the Board of Directors of the Company approved on March 18, 2021 the initial increase of the authorized capital stock of the Company from P250 Million to P750 Million, divided into 5,000,000,000 common shares at par value of P0.10/share. The shares shall be subscribed at P0.20/share by Yang Chi Jin (a.k.a. Michael Yang), the Company's Chairman/President and CEO and controlling shareholder of subsidiary, MOSC. The proceeds of the transaction shall be invested in MOSC for the purpose of supporting its operations and expanding its production lines for fish and meat canning, meat and seafoods processing, and sauces. The increase in authorized capital stock is subject to the approval of the SEC and the issuance of the subject shares shall only be effective upon said approval.

On September 30, 2022, the members of the Board of Directors approved the rescission of subscription of various stockholders with total shares of 130,315,381 and total par value of ₱13,031,538, for failure of the said stockholders to provide the requirements and assistance needed within a considerable period since the transaction.

For 2023, the Company reclassified the return of capital into treasury shares instead of direct deduction from the share capital.

Particulars	Balance as of January 1, 2023	Adjustments	Adjusted balance as of December 31, 2023
Share capital	₱ 236,968,462	₱ 13,031,538	₱ 250,000,000
Treasury shares	-	(13,031,538)	(13,031,538)
Share capital, net	<u>236,968,462</u>	<u>-</u>	<u>236,968,462</u>

The net result is the same with the balance in 2022.

Any change in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

There are no significant changes in the composition of the issuer during the period.

Changes in contingent liabilities or contingent assets since the last annual balance sheet date.

There are no material changes in contingent liabilities or assets since the last annual balance sheet.

Disclosures not made under SEC Form 17-C.

All disclosures made under SEC Form 17-C have been filed during the period.

Other subsequent events disclosed under SEC Form 17-C.

There are no other subsequent events disclosed under SEC Form 17-C.

PART III. SECURITIES OF THE REGISTRANT

(A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters:

1. Market Information

The Company has outstanding 2,369,684,619 common shares. Its common shares are listed and traded principally on the Philippine Stock Exchange ("PSE"). The closing price as of December 31, 2023 is Php0.101 per share.

The Summary of Trading Prices at the PSE for each of the quarterly periods in 2021 and 2020 is as

follows:

	2023			
	Q1	Q2	Q3	Q4
High	0.144	0.135	0.120	0.118
Low	0.113	0.110	0.096	0.090

	2022			
	Q1	Q2	Q3	Q4
High	0.168	0.145	0.127	0.121
Low	0.135	0.112	0.100	0.102

Source: PSE

2. Holders

Rank	Name	Class of Securities	No. of Shares	Percentage
1	PCD NOMINEE CORPORATION (FILIPINO)	Common	1,460,888,772	61.65%
2	YANG, CHI JEN YEH	Common	505,000,000	21.31%
3	PCD NOMINEE CORPORATION (FOREIGN)	Common	380,593,995	16.06%
4	LI CHIH-HUI	Common	5,000,000	0.21%
5	DIZON, WILLY ONG OR DIZON, NENE C.	Common	3,500,000	0.15%
6	TRANSNATIONAL DIVERSIFIED CORP.	Common	2,507,639	0.11%
7	CATANI, ARNOLD	Common	2,076,802	0.09%
8	POLISHETY, SRINIVAS	Common	1,461,761	0.06%
9	LI, CHIH-HUI	Common	1,000,000	0.04%
10	REDIX INC.	Common	856,889	0.04%
11	DIAZ, EDNA B.	Common	270,000	0.01%
12	TABLIGAN, VICTOR	Common	190,140	0.01%
13	HOJAS, RUBIN M.	Common	189,790	0.01%
14	DILIG, RODOLFO	Common	181,040	0.01%
15	OROPEZA, ROGACIANO	Common	161,381	0.01%
16	LAGASCA, BERNARDINO	Common	150,300	0.01%
17	TRUSTEES OF PHIL. MATCH CO. LTD. EMPLOYEES PF	Common	146,870	0.01%
18	GONZALEZ, JAIME ENRIQUE Y.	Common	141,530	0.01%
19	TRADERS ROYAL BANK TRUST ACCT. 2992	Common	138,340	0.01%
20	VEGA, VICTORIA VILLANUEVA	Common	127,380	0.01%
TOTAL SHARES (TOP 20)			2,364,582,629	99.78%
TOTAL SHARES (REST OF STOCKHOLDERS)			Common 5,101,990	0.22%
TOTAL OUTSTANDING SHARES			2,369,684,619	100%

As of December 31, 2023, the Company has a total outstanding common stock of 2,369,684,619

shares, held by 745 individuals and/or corporate stockholders. The top twenty (20) stockholders, their respective number of shares held, and the corresponding percentage of these shares out of the total shares outstanding, are as follows:

The total number of shares held by the top 20 shareholders at 2,364,582,629 represents 99.78% of the company's total outstanding capital stock.

3. Dividends

The Company's Board of Directors has not declared any dividend during the past three (3) years.

Under the By-Laws of the Company, dividends shall be declared only from surplus profits and shall be payable at such time and in such amounts as the Board of Directors shall determine; provided, however, that no stock dividends shall be issued without the approval of the stockholders representing not less than two-thirds (2/3) of all stock then outstanding and entitled to vote at a general meeting of the Company or at a special meeting called for the purpose. No dividends shall be declared that impair the capital of the Company. Other than the aforesaid, there are no other restrictions that would limit or would likely to limit in the future the ability of the Company to pay dividends on common equity.

4. Title and amount of Securities issued/ to be issued

The Company has no shares issued in 2023.

As of December 31, 2023, the Company has a total of 2,369,684,619 outstanding common shares with par value of Php0.10 per common share.

5. Description of Securities

As of December 31, 2023, 2,369,684,619 common shares are outstanding. The common shares are entitled to vote and to dividends.

6. Description of transactions in which the securities are to be issued

There are no transactions in 2023 in which securities have been or are to be issued.

On March 18, 2021, pursuant to the approvals of the Board of Directors last March 22, 2017 and August 17, 2017, and of the stockholders last December 18, 2020, the Board of Directors approved the initial increase of the authorized capital stock of the Company from P250 Million to P750 Million, divided into 5,000,000,000 common shares at par value of P0.10/share. The 5,000,000,000 common shares shall be subscribed by Yang Chi Jen (a.k.a. Michael Yang) at P0.20/share.

7. Reason for Issuance

There are no transactions in 2023 in which securities have been or are to be issued.

For the transaction approved on March 18, 2021, the proceeds thereof shall be invested with the Company's subsidiary, MOSC, for the purpose of supporting its operations and expanding its production lines for fish and meat canning, meat and seafoods processing, and sauces.

(B) Modification or Exchange of Securities

No action has been taken with respect to the modification of any class of securities of the registrant, or the issuance of authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

(C) Authorization or Issuance of Securities Other than for Exchange

(D) Information on Independent Accountant

The auditing firm of Valdes Abad & Company ("VAC") conducted the audit for the periods ended December 31, 2021, December 31, 2022 and December 31, 2023.

The engagement fees in 2023, 2022 and 2021 are as follows:

	Audit Fees	OPE	Non-audit fees
2023	210,000	31,500	103,040
2022	200,000	30,000	103,040
2021	200,000	30,000	77,280

Other than the audit, the Company engaged the services of VAC for quarterly review of financial statements and in 2022 for procedures required by the SEC for publicly-listed companies per SEC Memorandum Circular No. 10, Series of 2019, in connection with the disclosure and regulatory reporting of material related party transactions (RPTs) of the Company with the SEC.

VAC, formerly known as Carlos J. Valdes & Associates, one of the oldest accounting firms in the Philippines today, was founded in 1951 by Carlos J. Valdes, a certified public accountant, lawyer, civic leader, educator, businessman and former Philippine Ambassador to Japan and other countries.

VAC was a member firm of Touche Ross in the 1970's; Coopers & Lybrand International in the 1980's up to 1996 and a correspondent firm of RSM International from 1997 up to 2007. This long history of international membership was recognition of its professional standing and track record of world-class service to clients over the years. It is a member firm of GMN International, the association of legally independent firms worldwide.

PART IV. CONTROL AND COMPENSATION INFORMATION

DIRECTORS & EXECUTIVE OFFICERS

Name	Age	Citizenship	Position	No. of Years Served	Term of Office
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				as Director	
Yang Chi Jen (a.k.a Michael Yang)	54	Filipino	Chairman/ President & CEO	11	August 25, 2023 – present
Hsien – Tzu Yang	82	Taiwanese	Director	11	August 25, 2023 – present
Yeh Hsiu-Yin	74	Chinese	Director	2	August 25, 2023 – present
Willy O. Dizon	67	Filipino	Director	11	August 25, 2023 – present
Maria Soledad C. Lim	63	Filipino	Director	11	August 25, 2023 – present
Nancy T. Golpeo	62	Filipino	Director	11	August 25, 2023 – present
Ernesto S. Go	72	Filipino	Director	11	August 25, 2023 – present
Amelia T. Tan	58	Filipino	Director	8	August 25, 2023 – present
Aracelli G. Co	58	Filipino	Director	8	August 25, 2023 – present
Maria Luisa T. Wu	68	Filipino	Independent Director	8	August 25, 2023 – present
Cristina Hiltrude L. Aganon	57	Filipino	Independent Director	6	August 25, 2023 – present
Lyra Gracia Y. Lipae-Fabella	47	Filipino	Corporate Secretary	N/A	August 25, 2023 – present
Janine G. Manzano	30	Filipino	Compliance Officer	N/A	August 25, 2023 – present

PROFILES

YANG CHI JEN (a.k.a Michael Yang) Chairman, President & CEO

Mr. Yang has four (4) decades of extensive experience in the export/import business as he has been immersed in the day-to-day operations of various businesses owned by his family. Mr. Yang is the controlling shareholder of Millennium Ocean Star Corporation; ShieJie Corporation, a company engaged in the business of seafood processing, packing, and import/export trading; Jomark Food Corporation, a company engaged in fish and squid ball, kikiam, crab nuggets processing and serves as the local distributor of Millennium products; and Philippine 101 Hotel, Inc., a company engaged in the hotel industry. He was educated in Taiwan where he attended Kweishan Junior High School.

YEH HSIU-YIN Director

Ms. Yeh Hsiu-Yin had decades of experience in the areas of seafood processing and packing. She used to manage Shie Jie Corporation where she now sits as Director. She also started FM Foodmark Enterprises as a single proprietorship until it is now known as Jomark Food Corporation where she likewise sits as Director. She also owned Shop Mark Supermarket in Zamboanga City until its closure in 2008 due to the volatility of the peace and order situation at the time. She is also Director of

Millennium Ocean Star Corporation. She was educated in Taiwan where she attended First Lady High School.

HSIEN-TZU YANG

Director

Mr. Yang has had more than four (4) decades of experience in the areas of seafood processing, packing, canning, and manufacturing of marine products. For a number of years, he ran ShieJie Corporation, South Sea Marine Products, Tawi-Tawi King Fisher Incorporated and South Phil. Marine Products, Incorporated. He was educated in Taiwan where he attended Taichung Elementary School.

WILLY O. DIZON

Director

Mr. Dizon is the Chairman/President of Timbercity Jetty Gas Station and De Luxe Construction Supply Co., Inc. He is a seasoned businessman with more than thirty (30) years track experience in sales and marketing. He took up BS Chemical Engineering at Mapua Institute of Technology.

MARIA SOLEDAD C. LIM

Director

Ms. Lim is the Executive Vice President in Optimum Solutions, Inc. and Secretary of Fuji Zipper Manufacturing Inc., a family-owned business. She has extensive experience in marketing and finance. Ms. Lim is a graduate of the University of the East in Business Administration.

NANCY T. GOLPEO

Director

Ms. Golpeo is engaged in the real estate business and has been a licensed real estate appraiser since 2011. She has a Bachelor of Science degree in Commerce from the University of Santo Tomas.

AMELIA T. TAN

Director, Treasurer

Ms. Tan is the Treasurer of the Company and Chief Finance Officer and Corporate Secretary of Millennium Ocean Star Corporation. She has more than 19 years of combined banking experience in Bank of the Philippine Islands (1999-2004), Far East Bank (1987-1999) and Urban Bank (1985-1987). She obtained her degree in Bachelor of Science in Commerce major in Management Financial Institution from De La Salle University.

ARACELLI G. CO

Director

Ms. Co is the Manager of Aracelli Plastic Products. She is also a member of the faculty of Northern Rizal Yorklin School since 1984. She has been an Asst. Treasurer of the Philippine Plastic Industry Association and Treasurer of Northern Rizal Yorklin Alumni Assn. since 2013. She is a Certified Public Accountant. She obtained her degree in Bachelor of Science in Business Administration major in Accounting from the Philippine School of Business Administration.

ERNESTO S. GO

Director

Atty. Go is a Senior Partner at the Cerilles Navarro Nuval & Go Law Offices since 1978. He has an extensive background in Corporate and Litigation practice. He holds a Bachelor of Laws degree from the Ateneo De Manila University Law School and placed 20th in the 1975 Bar Examinations.

MARIA LUISA T. WU

Independent Director

Ms. Wu is a Financial Consultant for Planters and Green Revolutionist Association Inc.; President of Uniq Intertrade Corporation; and Proprietor of the Giant Builders and the Ad-Reds International Trading. She is also a member of the Filipino-Chinese Eastern Chamber of Commerce. She was previously connected with Giant Footwear (Shanghai, China) and Masterx Footwear (Mariveles, Bataan) as production manager. Ms. Wu took up Bachelor of Science in Commerce, Major in Accountancy, at the University of the East.

CRISTINA HILTRUDE L. AGANON

Independent Director

Ms. Aganon is a Certified Public Accountant. She serves as the Treasury Officer/Budget Officer/Accounting Officer of Private Infra Dev. Corp. since 2011. Previously, she has worked as Branch manager for the Philippine National Bank from 2008 to 2010. Ms. Aganon obtained her degree in BS Commerce Major in Accounting from St. Mary's University in Nueva Vizcaya. She likewise earned 36 MBA units from the University of Santo Tomas.

LYRA GRACIA Y. LIPAE-FABELLA

Corporate Secretary, Corporate Information Officer and Alternate Compliance Officer

Atty. Lipae-Fabella is a Certified Public Accountant and member of the Integrated Bar of the Philippines. She serves/has served as Corporate Secretary/ Officer to a number of publicly-listed and private companies. At present, she is the Managing Partner of the Fabella and Fabella Law Office. Her work experience includes having been a Junior Auditor of a leading auditing firm, Associate of a law firm and Securities Counsel III at the Securities and Exchange Commission. Atty. Lipae-Fabella graduated from San Beda College of Law and obtained her BS Business Administration and Accountancy degree from the University of the Philippines in Diliman.

JANINE G. MANZANO

Compliance Officer and Alternate Corporate Information Officer

Ms. Manzano is a licensed teacher who found joy working in the corporate field. Prior to immersing in the corporate practice, she taught at St. Benedict School of Novaliches. She obtained her degree in BS Secondary Education from Divine Word College of Vigan.

Family Relationship

Yang Chi Jen (a.k.a. Michael Yang) is the son of spouses Hsien-Tzu Yang and Yeh Hsiu-Yin.

There are no other family relationships known to the Company other than the ones disclosed herein.

Involvement of Directors and Officers in Certain Legal Proceedings

To the best knowledge and information of the Company, none of its incumbent directors and officers/nominees has been involved during the past five (5) years, up to the time this Information Statement is submitted to the Securities and Exchange Commission and the Philippine Stock Exchange, in any legal proceedings, which are material to the evaluation of the ability or integrity of any director, executive officer or nominee of the Company. They are not directly or indirectly involved in such legal proceedings, to wit:

- a. There is no bankruptcy petition filed by or against any business which any of the incumbent directors/ officers was a general partner or executive officer at any time within five (5) years or more;
- b. The incumbent directors/officers had no conviction by final judgment for any offense, in criminal proceedings, domestic or foreign, nor is the Company aware of any fact to the effect that any of them is the subject of a pending criminal proceeding, not even for a minor offense;
- c. Not one of the incumbent directors/officers has been the subject of any order, judgment or decree, not subsequently reversed suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his/her involvement in any type of business, securities, commodities or banking activities;
- d. The incumbent directors are not found by a domestic or foreign court of competent jurisdiction, the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market of self-regulatory organization, to have violated a securities or commodities law or regulation and said judgment has not been reversed, suspended or vacated.

EXECUTIVE COMPENSATION

The following table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer ("CEO"), the four (4) most highly compensated officers other than the CEO, and all officers and directors as a Group as of December 31, 2023 (including the preceding three years):

	Year	Salary (In Philippine Pesos)	Bonus	Other Annual Compensation
Top five (5) most highly compensated executive officers	2021	3,835,200.00	0	None
	2022	4,632,000.00	0	None
	2023	3,340,891.00	0	None
All officers and directors as a group	2021	3,956,700.00	0	None
	2022	4,753,500.00	0	None

	2023	5,589,694.00	0	None
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**Four Most Highly Compensated Officers Other Than the CEO*

Year	Executive Officer
2021*	Amelia T. Tan Domingo Dino Emerald Uy Jocelyn Reliquias
2022*	Amelia T. Tan Domingo Dino Emerald Uy Jocelyn Reliquias
2023*	Amelia T. Tan Domingo Dino Emerald Uy Clifford Cebedo

**Most Officers receive compensation from the respective subsidiary/ies they handle. The Directors do not receive compensation from the Company pursuant to applicable laws.*

Since the date of their elections, except for per diems, the directors have served without compensation. The directors did not also receive any amount or form of compensation for committee participation or special assignments. Under Section 7, Article III of the By-Laws of the Company, the compensation of directors, which shall not be more than ten percent (10%) of the net income before income tax of the Company during the preceding year, shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. As of this date, no standard or other arrangements have been made in respect of director's compensation.

Employee Stock Purchase Plan

The Company has not issued any employee stock option nor approved any stock option plan for employees for the past five (5) years.

Security Ownership of Owners of more than 5% of voting securities as of December 31, 2023

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial owner and relationship with record owner	Citizenship	No. of Shares	Percentage
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Common	PDC Nominee Corp. (Filipino) 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226 Stockholder	(direct)	Filipino	1,460,888,772	61.65%
		Yang Chi Jen is the beneficial owner of 371,091,130 shares; PDC Nominee Corp. is			
Common	PDC Nominee Corp. (Foreign) 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226 Stockholder	Conqueror Space Ltd. (BVI) is the beneficial owner of 291,274,458 shares; PDC Nominee Corp. (Foreign) is the record owner.	Foreign	380,593,995	16.06%
Common	Yang Chi Jen Blk 4 Lot 6 John St. Multinational Village, Paranaque City Chairman/ President & CEO	Yang Chi Jen is the beneficial owner and record owner	Filipino	*505,000,000	21.31%

**Excluding shares lodged with PDC Nominee Corp.*

Security Ownership of Management

The following are the security ownership of the directors and executive officers of the Company as of December 31, 2023:

	Name of Beneficial Owner; Relationship with Issuer	No. of Shares and Nature of Beneficial Ownership	Citizenship	Percentage Held
Common	Yang Chi Jen (a.k.a. Michael Yang); Chairman/ President& CEO	505,000,000 (Direct); 371,091,130 (Indirect)	Filipino	36.97%
Common	Yeh Hsiu-Yin; Director	100,000 (Direct); 5,000 (Indirect)	Chinese	0%
Common	Hsien-Tzu Yang; Director	1,000 (Direct);	Taiwanese	0%
Common	Willy O. Dizon; Director	3,501,000 (Direct);	Filipino	0.14%
Common	Maria Soledad C. Lim; Director	1,000 (Direct);	Filipino	0%
Common	Nancy T. Golpeo; Director	1,000 (Direct);	Filipino	0%
Common	Ernesto S. Go; Director	1,000 (Direct);	Filipino	0%
Common	Amelia T. Tan; Director/Treasurer	10,000 (Indirect);	Filipino	0%
Common	Aracelli G. Co; Director	10,000 (Indirect);	Filipino	0%
Common	Maria Luisa T. Wu; Independent Director	10,000 (Indirect);	Filipino	0%
Common	Cristina Hiltrude L. Aganon; Independent Director	10,000 (Indirect);	Filipino	0%
Common	Lyra Gracia Y. Lipae-Fabella; Corporate Secretary	None	Filipino	0%
Common	Janine G. Manzano; Compliance Officer	None	Filipino	0%

The total security ownership, direct and indirect, of the directors and corporate officers of the Company as of December 31, 2023 is 879,741,130 common shares, equivalent to 37.11% of the outstanding capital stock of the Company.

Public Ownership

As of December 31, 2023, the public ownership in the Company is as follows:

Particular	Shares / Percentage (%)
Total Number of Shares owned by the Public	1,198,669,031
Percentage Public Ownership	50.58%
Number of Outstanding shares	2,369,684,619
Number of Treasury Shares	130,315,381
Number of Listed Shares	1,869,684,619
Number of Foreign-Owned Shares	388,280,380
Foreign Ownership Level (%)	16.39%
Foreign Ownership Limit (%)	40%

Voting Trust Holders of 5% or more

There are no persons holding 5% or more of a class under a voting trust or similar arrangement.

Changes in Control

There were no changes in control during the year.

Certain Relationships and Related Transactions

In the ordinary course of business, the Company had transactions with its then associates, affiliates, subsidiaries and other related parties consisting principally of cash advances and reimbursement of expenses, various guarantees, management and service agreements and intercompany charges.

On March 22, 2017, the BOD approved the following:

- Subscription of the Company's Chairman and President, Yang Chi Jen, to the remaining 365,785,000 unissued shares of the company at Php0.20 per share amounting to a total of Php73,157,000, premium of Php36,578,500.
- Subscription by Yang Chi Jen to at least 25% of the proposed increase in authorized capital stock of the Company at Php0.20 per share. The increase of authorized capital stock of the Company was initially set from Php250,000,000 to Php750,000,000, and amended to up to Php10 Billion.
- Acquisition of 49% of the Philippine 101 Hotel, Inc., a domestic corporation majority owned by Yang Chi Jen.

On June 29, 2017, the BOD approved the additional subscription to 117,091,837 primary shares of its subsidiary, MOSC, at par value of Php1.00 per share, to maintain the Company's 51% ownership.

Further discussion on Related Party Transactions are provided under Note 32 of the 2021 Consolidated Financial Statements.

Parents and immediate parents as of December 31, 2023

The Company has no Parent and immediate parent relationships as of December 31, 2023.

Transactions with Promoters

The Company has not had any transactions with promoters for the past five (5) years.

PART V. CORPORATE GOVERNANCE

The Board of directors and shareholders, management and employees of the Company believe that corporate governance is a necessary component to achieve strategic business management. Going beyond compliance to laws and the implementation of rules and regulations, the Company's governance cultivates a corporate culture of integrity and empowering leadership, and significantly contributes to long-term growth and enhanced shareholder value.

The Company is committed to adhering to the highest level of sound corporate governance practices in setting values that serve as its foundation in guiding both employees and stockholders alike. With a dedicated team of professionals who share such passion, its business practices and work ethics put in place a philosophy of corporate transparency and public accountability.

In compliance with SEC Memorandum Circular No.19, Series of 2016 and SEC Memorandum Circular No.24, Series of 2019, the Company revised its Manual on Corporate Governance, adopting the mandatory provisions of the Revised Code of Corporate Governance and Revised Corporation Code. There has been no material deviation from the Company's Revised Manual on Corporate Governance.

THE BOARD OF DIRECTORS

A Board leads the Company, which is the highest authority in matters of governance and in managing the business of the Company.

It is the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders.

The Board meets regularly throughout the year to ensure a high standard of business practice for the Company and its stakeholders and to ensure soundness, effectiveness, and adequacy of the

Company's internal control environment. Independent judgment is exercised at all times.

COMMITTEES

To aid in complying with the principles of good corporate governance and as expressly provided in the Company's Revised Manual of Corporate Governance, the following committees were established with specific responsibilities.

Nomination, Compensation and Election Committee

The Nomination, Compensation and Election Committee is composed of three (3) members of the Board of Directors and at least one of who is an independent director. The members of the Committee are as follows:

1. Yang Chi Jen – Chairman
2. Amelia T. Tan – Member
3. Atty. Ernesto S. Go- Member

The Committee has established a formal, transparent procedure developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors. It provides oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment. It determined the amount of remuneration, which is sufficient to attract and retain directors and officers who are needed to run the company successfully.

It is also tasked to install and maintain a process to ensure that all directors to be nominated for election at the annual stockholders' meeting have all the qualifications and none of the disqualifications for directors as stated in the By-Laws, the Revised Manual on Corporate Governance of the Company and the pertinent rules of the SEC.

It likewise reviews and evaluates the qualifications of all persons nominated to positions in the Company, which require appointment, by the Board.

Audit Committee

The Audit Committee is composed of three (3) members of the Board and chaired by an independent director. The members of the Committee are as follows:

1. Cristina Hiltrude L. Aganon (Independent Director) – Chairman
2. Aracelli G. Co – Member
3. Maria Luisa T. Wu (Independent Director) – Member

The members have adequate understanding at least or competence at most of the company's financial management systems and environment. The Committee checks all financial reports against

its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. It performs oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management.

The committee function includes a direct interface with the internal and external auditors, which are separate and independent of each other.

Corporate Governance Committee/Risk Management and Oversight Committee

The Committee is composed of one (1) independent director and two (2) regular directors. The members are as follows:

1. Maria Luisa T. Wu – (Independent Director) --Chairman
2. Yang Chi Jen – Member
3. Amelia T. Tan – Member

The Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It shall ensure compliance with and proper observance of corporate governance principles and practices.

The Committee is likewise tasked for the oversight of a Company's Risk Management system to ensure its functionality and effectiveness.

Executive Committee

The Executive Committee is composed of a minimum of three (3) members. The members of the Committee are as follows:

1. Yang Chi Jen – Chairman
2. Amelia T. Tan – Member
3. Aracelli G. Co – Member

The Executive Committee acts in accordance with the authority granted by the Board, or during the absence of the Board, on specific matters within the competence of the Board of Directors, except with respect to approval of any action for which shareholders' approval is also required; distribution of cash dividends; filling of vacancies in the Board or in the Executive Committee; amendment or repeal of By-Laws or the adoption of new By-Laws; amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and the exercise of powers delegated by the Board exclusively to other committees.

Compliance Officer

The Compliance Officer is designated to ensure adherence to corporate principles and best practices.

The duties of the Compliance Officer include monitoring of compliance with the provisions and requirements of the Revised Manual on Corporate Governance; determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board; appear before the Securities and Exchange Commission upon summon; and identify, monitor and control compliance risks.

Content and Timing of Disclosures

The Company updates the investing public with strategic, operating and financial information through adequate and timely disclosures filed with the Securities and Exchange Commission and the Philippine Stock Exchange.

In addition to compliance with periodic reportorial requirements, the Company ensures that not only major and market-sensitive information but material information such as earnings, dividend declarations, joint ventures and acquisitions, sale and disposition of significant assets are punctually disclosed to the SEC, PSE and through the Company's website.

PART VI. EXHIBITS AND SCHEDULES

The relevant matters/reports/disclosures which were filed in 2023 pertain to the following:

Date	Matters approved/ reported
April 14, 2023	Approval of the Separate and Consolidated Audited Financial Statements
June 22, 2023	Postponement of the ASM of the Company which pursuant to its By- Laws should be held on the last Friday of June of every year to give the Company sufficient time to prepare the relevant materials and financial reports for the ASM.
July 5, 2023	Approval of the holding of the Company's Annual Stockholders' Meeting on August 25, 2023 at 2:00 p.m. through remote communication/ online (Zoom) pursuant to SEC Memorandum Circular No. 6, series of 2020. The record date is set on July 31, 2023.
August 25, 2023	Results of the Annual Stockholders' Meeting/Organizational Meeting
September 11, 2023	Attendance to the corporate governance seminar of the following: • Yang Chi Jen (a.k.a. Michael Yang) – Chairman/ President & CEO; • Willy O. Dizon – Director; • Hsien Tzu Yang – Director; • Maria Soledad C. Lim – Director; • Nancy T. Golpeo – Director; • Amelia T. Tan – Director; • Aracelli G. Co – Director; • Atty. Ernesto S. Go – Director; • Yeh Hsiu-Yin – Director;

	• Maria Luisa T. Wu – Independent Director; • Cristina Hiltrude L. Aganon – Independent Director; • Atty. Lyra Gracia Y. Lipae-Fabella – Corporate Secretary/Corporate Information and Alternate Compliance Officer; and • Janine G. Manzano – Compliance Officer and Alternate Corporate Information Officer
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SIGNATURES

Pursuant to the requirements of the Securities Regulation Code and the Revised Corporation Code, this report is signed on behalf of the Company by the undersigned, thereunto duly authorized, in QUEZON CITY on APR 30 2024.

By:


YANG CHI JEN (a.k.a. Michael Yang)
President and CEO

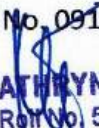

AMELIA T. TAN
Treasurer


LYRA GRACIA Y. LIPAE-FABELLA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 30 2024 affiants exhibiting to me the following documents, to wit:

NAMES	ID No.	PLACE OF ISSUE
Yang Chi Jen	TIN 114-348-293	BIR
Amelia T. Tan	TIN 117-981-959	BIR
Lyra Gracia Y. Lipae-Fabella	SSS ID No. 0918363020	SSS

Doc. No. 200;
Page No. 40;
Book No. 112;
Series of 2024.


ATTY. KATHRYN T. ELEMEN
Roll No. 53549
Adm. No. NP-052 Notary Public
Notary Public for Quezon City
My Commission expires on December 31, 2024
No. 899 Quirino Highway, Gulod, Novaliches, Q.C.
IBP No. 403651; Q.C.; 1-5-2024
PTR No. 5554845; Q.C.; 1-2-2024
MCLE Exemption No. VIII-BEP001477; 10-19-2022

Company Details:	
Name of Organization	Millennium Global Holdings, Inc. and subsidiaries (the “Company”)
Location of Headquarters	Lot 9 Block 2, John Street, Multinational Village, Paranaque City
Location of Operations	Philippines and overseas
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report covers the operations of the Company and its subsidiaries. The subsidiaries are primarily engaged in the seafood business.
Business Model, including Primary Activities, Brands, Products, and Services	The Company was incorporated and registered with the Philippine Securities and Exchange Commission (“SEC”) per SEC Registration No. 25160 on May 19, 1964. Currently a general holding company, it is listed in the Philippine Stock Exchange, Inc. (the “PSE”) since March 1, 1976 with the ticker code MG. In the recent years, the Company has established its presence through the seafood business of its subsidiaries. Nevertheless, it adopts a positive stance to portfolio diversification and varied business opportunities as the SEC on February 14, 2013 approved, among others, the amendment of its primary purpose to become a general holding company.
Reporting Period	January 1, 2023 to December 31, 2023
Highest ranking Person responsible for this report	Yang Chi Jen – President & CEO

Annex A:

Contextual Information

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
Material topics were initially identified using the 5Ws and 1H as guide in gathering information and analysis that would lead to key areas in determining the internal and external factors which impact the Company and the Group as a whole, and which the Company and the Group likewise impact on. A desktop review of industry trends, key factors, and various risks internally and externally identified, as well as industry specific sustainability issues served as reference to assess the prioritization of the relevant stakeholders and identification of material topics. This is an ongoing process and updates on the efforts and relevant findings covering Economic, Environmental and Social areas will be presented on the next annual sustainability reporting.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,001,876,959	Php
Direct economic value distributed:		Php
a. Operating costs	39,652,003	Php
b. Employee wages and benefits	4,334,268	Php
c. Payments to suppliers, other operating costs	27,605,087	Php
d. Dividends given to stockholders and interest payments to loan providers	22,400,655	Php
e. Taxes given to government	7,712,648	Php
f. Investments to community (e.g. donations, CSR)	N/A	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
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<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company has established its presence through the seafood business of its subsidiaries. Nevertheless, it adopts a positive stance to portfolio diversification and varied business opportunities as the SEC on February 14, 2013 approved, among others, the amendment of its primary purpose to become a general holding company.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • employees • community • suppliers • customers • government	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company is committed to adhering to the highest level of sound corporate governance practices in setting values that serve as its foundation in guiding both employees and stockholders alike. The Company relies and puts to optimum use the experience of its people who have been in the industry for some time.
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The economic value generated essentially impacts the buying and storage/products processing and preservation and ultimately the value chains of the customers. The Company's business operations and distribution activities also directly supports generation of economic activities in the locality where the raw or live products are obtained and the employment of workers involved in sourcing, production and distribution until the products reach the ultimate consumer.		The Company manages to work within its budget and goals and aims to align its performance with the strategic plan. With the Company's ties in the Asian market, the company aims to continue to improve its business operations through improved facilities in aqua foods and products processing and preservation.
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What are the Risk/s Identified?		
<i>Identify risk/s related to material topic of the organization</i> Increasing costs of raw material and limitation of supply; Increasing costs of operation/logistics; Renewal/securing permits and licenses from various government regulatory agencies; Competition from other players; Cost of storage for slow moving items; Unforeseen crisis or significant events. For additional information, please see the discussion of the different risks under Note 7 of the Consolidated AFS 2023.	• employees • community • suppliers • customers • government	The Company reviews, regularly and on as needed basis, its risk assessment and management processes to improve its handling of any significant identified risks.

What are the Opportunity/ies Identified?		

<i>Identify the opportunity/ies related to material topic of the organization</i> Product sustainability and optimizing marketing and distribution strategies	• employees • community • suppliers • customers • government	The Company finds ways on how to continuously source quality raw materials from local communities to meet consumer needs, and adopts and designs logistics and distribution channels which are convenient and cost effective.
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Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
<i>Disclose the organization's governance around climate-related risks and opportunities</i> Interdependence between business and society and the environment is a recognized fact, and in order for the participants to respectively grow, they need to foster a mutually beneficial relationship between and among them with a sense of social	<i>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material</i> The Company finds ways on how to continuously source quality raw materials from local communities to meet consumer needs, and adopts and designs logistics and distribution channels which are convenient and cost effective.	<i>Disclose how the organization identifies, assesses, and manages climate-related risks</i> To protect against these contingencies and mitigate the effects of such supply disruptions, the Company maintains a reasonable safety inventory position level and buffer to ensure optimal supply flexibility and operational resilience.	<i>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</i> To date, the Company has not yet set a conclusive metrics to assess climate-related risks and opportunities in line with its strategy and risk management process.

responsibility for the betterment of all.	The Company is still in the process of conducting further studies on potential impacts of climate - related risk on its business.		
Recommended Disclosures			
<i>a) Describe the board's oversight of climate-related risks and opportunities</i> The Risk Management and Oversight Committee is tasked for the oversight of the Company's Risk Management system to ensure its functionality and effectiveness. The Committee has not yet incorporated a thorough review of the potential quantifiable impact of climate-related risks and opportunities to the Company.	<i>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term</i> The following are the climate-related risks that affect the business operations of the Company: • Supply shortage due to extreme weather conditions • Climate change which can cause loss of production • high sea temperature and increased acidity that results to the alteration of reproduction and distribution of marine life.	<i>a) Describe the organization's processes for identifying and assessing climate-related risks</i> The Company still requires further study to develop a structured assessment method in quantifying the impact and prioritizing the actions required on the identified climate-related risk.	<i>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</i> To date, the Company has not yet set a conclusive metrics to assess climate-related risks and opportunities in line with its strategy and risk management process.

<i>b) Describe management's role in assessing and managing climate-related risks and opportunities</i> The Management recognizes and places an importance on the interdependence between business and society and promote a mutually beneficial relationship that allows the Company to grow its business while contributing to the advancement of the society where it operates. Management ensures that the Company's approach to Sustainability is implemented. This includes managing Company's own environmental impact, mitigating actions required, as well as identifying the opportunities on how the Company can be positioned to promote and benefit from it.	<i>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning</i> The Company is still in the process of conducting studies on the impacts of climate - related risks and opportunities on its business.	<i>b) Describe the organization's processes for managing climate-related risks</i> Besides maintaining reasonable and safety levels of inventories, the Company also ensures that there is no concentration or over reliance on one particular supplier. The Company keeps and maintains good relationships with a number of suppliers for its sourcing (at least from 2 different countries) and does not depend on a limited number of suppliers for its chemical procurement.	<i>b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</i> The Company shall consider the setting of relevant targets to assess and manage climate-related risks and opportunities and performance against targets.
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	<i>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario</i> The organization's strategy has not been assessed of its resiliency to different climate-related scenarios. The different scenarios shall be included in the next assessment.	<i>c) Describe how processes for identifying, assessing, and maintaining climate-related risks are integrated into the organization's overall risk management</i> The Company continues to adopt appropriate risk management tools as well as conservative finance and operational controls and policies to manage the various business risks the Company and its subsidiaries will encounter. The directors review the effectiveness of the risk management system, as may be necessary.	
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Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	80	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Purchasing quality raw seafood from local suppliers contribute to local economic growth which results to reasonable pricing and other relevant conditions. These are guided by the volume of the supply, the local practice of the community, government policy on environmental compliance, among others.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • suppliers • service providers • customers • employees • community • government	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company values close collaboration with suppliers to attain mutually beneficial partnerships
What are the Risk/s Identified?		
<i>Identify risk/s related to material topic of the organization</i> • lack of supply • availability of product • delayed transactions • extreme weather conditions	• suppliers • service providers • customers • employees • community • government	The Company puts premium value on the performance of the suppliers based on ability and consistency to supply quality goods at competitive price, industry track record, financial capability, and feedback of its past performance. They must always observe compliance with any set standards and regulations.

What are the opportunity/ies Identified?	• suppliers • service providers • customers • employees • community • government	The Company is in its implementation phase for an enterprise resource planning system to improve its business information and analysis of demand trend. A formal supplier accreditation policy will be put in place within the next 12 months. The procurement process shall ensure that value is realized through contract management and supplier relation management. It shall be a driver for sustainable savings across the Company.
<i>Identify the opportunity/ies related to material topic of the organization</i> The Company can further improve its procurement practice with better demand forecasting, and implementation of formal supplier accreditation policy. Improved procurement practice can yield savings in the value chain.		

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	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	Undocumented	%
Percentage of directors and management that have received anti-corruption training	60	%
Percentage of employees that have received anti-corruption training	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
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> As a buyer, processor, exporter and distributor of seafood products, the Company through the employees transacts with various external stakeholders across	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • suppliers • service providers • customers • employees • community • government	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company espouses an anti-corruption policy. It does not condone dishonest, unethical or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> 1. Regulatory and Legal risk Exposure to losses for noncompliance to existing or future laws, rules and regulations.	• suppliers • service providers • customers • employees • community • government	The Company does not condone dishonest, unethical or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate

2. Reputational risk		concerns so that issues can be properly investigated or resolved and corrective measures can be instituted. The Company aims to develop an effective anti-corruption framework including sourcing of appropriate external training programs or formulate its own training program for phased deployment to the officers and employees.
What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Ensure value creation and long-term resilience of the business through proper business conduct.	• employees • customers • suppliers • Company	The Company will develop an effective anti-corruption framework by sourcing external training program or formulating its own program for phased deployment to officers and employees.

Incidents of Corruption

Disclosure	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
<i>Identify the impact and where it occurs (i.e., primary business</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources,</i>

<i>operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Incidents of corruption may occur when a director, officer or employee fails to comply with Company's Code of Business Conduct and Ethics. This may cause reputational and financial risks to the Company including potential fines and legal cases.	• employees • customers • suppliers • Company	<i>grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company does not condone dishonest, unethical or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted. These concerns may involve commission of fraud, theft or corruption, unauthorized use of Company funds and properties, breach of a legal obligation, internal or external regulation or any procedure regarding accounting, auditing matters, as well as alleged irregularities of a general, operational and financial nature in the Company. The Company adopts a Whistleblowing Policy to as mechanism for raising in a confidential manner genuine issues and concerns of wrongdoing, impropriety or irregularity involving or affecting the Company. This is shared with all the
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		stakeholders through the Company's website.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No identified material risk without recorded incident of corruption.	- employees - customers - suppliers - Company	The Company will provide training programs on anti-corruption to its employees.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> No identified material opportunity without recorded incident of corruption.	- employees - customers - suppliers - Company	The Company will provide training programs on anti-corruption to its employees.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	48,000	GJ
Energy consumption (diesel)	28,800	GJ
Energy consumption (electricity)	1,655,400	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Energy is an essential operations aspect of the Company. It is utilized in the offices, production and storage sites.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • employees • customers • suppliers • government	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company recognizes promotion of energy consumption and reduction methods.
What are the Risk/s Identified?	• employees • suppliers • government	Implementation of power saving measures and availability of standby generator in case of emergency or as needed.
<i>Identify risk/s related to material topic of the organization</i> 1. Electric power interruption risk - Intermittent power supply or brownouts cause delays and interruptions in the continuity of operations; - Prolonged power interruption may cause damage to products esp. those that need to be in the cold storage or in a controlled temperature environment; - Constant power interruption may lead to less eager and less		

2. Energy efficiency risk - There may be unutilized energy as a result of undetected line to ground faults of some electrical equipment; - Usage of old or high consuming lighting bulbs or equipment instead of newer or energy-efficient ones		
What are the Opportunity/ies Identified? <i>Identify the opportunity/ies related to material topic of the organization</i> This is an opportunity for the Company to reassess its power efficiency taking into consideration various factors such as the state of its plant and equipment and costs of usage of alternative power source vis a vis the benefits to the Company and the environment as a whole.	• employees • community • suppliers	The Company implements measures to keep energy consumption at a reasonable level.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	8,950	Cubic meters
Water consumption	9,850	Cubic meters
Water recycled and reused	960	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and</i>

<i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Water consumption is mainly used in the Company's operations and processing of seafood and related products.	• employees • plants • community • government	<i>initiatives do you have to manage the material topic?</i> The Company implements water conservation measures to promote sustainable management of water resources, etc.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> • low pressure to no water supply	• employees • plants • government	The Company sees to it that it has a stored water supply needed for operations.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Campaigns and constant reminders to save water and reduce water consumption. Doing so benefits the Company and the environment which in the long run may also positively contribute to bring down prices of products to customers.	• employees • suppliers • customers	The Company has assigned personnel for immediate repairs of leaks, etc. and monitoring of daily water consumption to check on abnormal usage or fluctuation.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	0	Kg/liters
• Non-renewable	1,486,143	Kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	10%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> As the Company is engaged in food, it mostly uses non-renewable materials in its business activities. But usage of recycled materials is at 10% and may increase depending on circumstances.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • employees • plants • community	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company puts a premium on maintaining the quality and freshness of its products. Integration of use of recycled materials is practiced especially for those parts which are not directly in contact with food such as the outer packaging.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Regulatory compliance risk (emerging) - Future regulation or policy regarding use of nonrenewable material input	• customers • government	The Company coordinates with affected customers and potential suppliers of alternative packaging for consideration.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Consider increasing usage of alternative packaging which are environmentally-friendly and at the same time, meet the needs of the product.	• customers • community • government	The Company coordinates with affected customers and potential suppliers of alternative packaging for consideration.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	none	
Habitats protected or restored	none	
IUCN Red List species and national conservation list species with habitats in areas affected by operations	none	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> No material impact from Company's business activities.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> Not a material topic.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Not a material topic.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No related material risk identified.	Not a material topic.	Not a material topic.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> <i>No opportunity identified. No material opportunity identified.</i>	Not a material topic.	Not a material topic.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO _{2e}
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO _{2e}
Emissions of ozone-depleting substances (ODS)	N/A	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
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> No material impact from Company's business activities.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • none	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Not a material topic.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No related material risk identified.	• none	Not a material topic
What are the opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> No material opportunity identified.	• none	Not a material topic.

Air Pollutants

Disclosure	Quantity	Units
NO _x	N/A	kg
SO _x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> No material impact from Company's business activities.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • none	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Not a material topic.
What are the risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No related material risk identified.	• none	Not a material topic.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> No material opportunity identified.	• none	Not a material topic.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	148,614	kg
Reusable	74,307	kg
Recyclable	7,340	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The company has outputs of solid wastes from its offices, plants and warehouse operations.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • employees • community • government	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company recognizes the promotion of safe and environment-friendly waste disposal methods. It also directs its efforts in promoting environment-friendly waste disposal activities, and interacts with local fisher folks in the communities where the plants are located.

What are the Risk/s Identified?		
<i>Identify risk/s related to material topic of the organization</i> Improper disposal of waste could lead to disease and waste contamination to environment.	- employees - community - government	
What are the Opportunity/ies Identified?		
<i>Identify the opportunity/ies related to material topic of the organization</i> This can be the opportunity of the company to encourage employees to practice waste segregation at work and in their homes.	- employees - community	

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> No material impact from Company's business activities.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> none	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Not a material topic.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No related material risk identified.	• none	Not a material topic
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> No material opportunity identified.	• none	Not a material topic.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	yet to be determined	Cubic meters
Percent of wastewater recycled	yet to be determined	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The material impact is yet to be determined.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • none	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> • none

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No identified material risks.	• none	• none
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> No identified material opportunities.	• none	• none

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	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	#
No. of cases resolved through dispute resolution mechanism	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
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The potential impact occurs on the offices and plants.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> • employees • community • government	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Constant monitoring of the site to check that proper disposal of waste has been conducted.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Regulatory compliance risk - Nonconformance to environmental requirements when there are changes in policy or regulation which may cause the company to incur fines and/or prevent renewal of license to operate for a specific site.	- employees - community - government	There are assigned personnel to monitor environmental compliance of the various operating sites and renewal of their appropriate licenses.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> No identified material opportunities.	none	Not a material topic.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total number of employees	368	
a. Number of female employees*	256	#
b. Number of male employees*	112	#
Attrition rate	data is not yet available	rate
Ratio of lowest paid employee against minimum wage	data is not yet available	ratio

*may include workers on contractual basis

Employee Benefits

List of Benefits	Y/N	% of female employees who availed for the year (2022)	% of male employees who availed for the year (2022)
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0%	0%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth)	N		
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	-		
Further education support	-		
Company stock options	N		
Telecommuting	-		
Flexible-working Hours	-		
(Others)	-		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Employee benefits directly impact the Company's employees' well-being and attitude towards their work which may translate to productivity and efficiency.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company's policy on Health, Safety, Security and Proper Use of Company Assets affirms the Company's commitment in providing and maintaining a safe, secure and healthy work environment. In turn, the employee has the responsibility to work safely, to keep work areas and common areas in the company neat and clean, not just to reduce the chances of injury but also to make the office a more attractive and pleasant place to work in.

What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Human resource risk – Limitation of recruitment and retention of highly qualified employees if faced with uncompetitive employee benefits compared to prevailing market condition; If employee turnover is high, it may result to discontinuity of projects and priority actions; delay in implementation of growth plans; high costs of training employees	The Company believes that its people are its “nonquantitative assets” who must be taken care of and invested in. Regular employees of the Company are encouraged to undergo annual medical check-up. There have been no reported work-related accidents or health concerns in the Company.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Competitive employee benefits will boost the recruitment and retention of qualified and high performing employees which may translate to revenue growth and company growth in general; improve service reliability; enhance teamwork among departments and create a happy and satisfied work environment	It is the policy of the Company to promote advancement among its employees for consistently exceeding expectations over 7 years, meeting organizational requirements and facilitating the achievement of long-term corporate goals and objectives. Depending on the performance of the Company and also taking into consideration various qualitative parameters such as succession planning and corporate governance, the Board also grants performance bonus.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	data is not yet available	hours
b. Male employees	data is not yet available	hours
Average training hours provided to employees		
a. Female employees	data is not yet available	hours/employee
b. Male employees	data is not yet available	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company's people contribute to the sustainability of the business. Thus, the Company recognizes the need to provide the employees appropriate training skills and environment relevant to their jobs to enhance their competency, improve productivity or their skill level. Providing the employees an opportunity to learn and grow also benefits the Company and business partners through improved communication, efficient transactions, delivery of services and over-all realization of plans.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company recognizes the need to train and develop its people so that they will gain the necessary skills to reach full potential. Training needs are identified through analysis, annual performance appraisal and/or request from employees.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Employee retention and empowerment risk - Training and development programs may be limited at times due to manpower and budget constraints, except for those mandatory or for regulatory compliance.	All internal trainings provided by the Company and mandatory trainings for regulatory compliance are of no cost to the employee. External courses and professional qualifications may be fully or partly funded by the Company depending on the nature of the training.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> - Improved employee retention and boost of morale/confidence - Improved productivity brings economic benefit to the company and all stakeholders.	The Company continues to review its employee training and development plan to assess its relevance and impact on the internal and external organizations, and identify any need for modification of its policy or implementation.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where does it occur (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Due to the relatively small number of employees in the organization, the labor-management relations is harmonious	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company recognizes that its people are its assets. Trainings, seminars appropriate to the workplace and teambuilding activities are made available for the improvement of the employees.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Dishonest and unethical or unprofessional behavior and actions and other related concerns	The Company does not condone dishonest, unethical or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted. These concerns may involve commission of fraud, theft or corruption, unauthorized use of Company funds and properties, breach of a legal obligation, internal or external regulation or any procedure regarding accounting, auditing matters, as well as alleged irregularities of a general, operational and financial nature in the Company.

What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> This is an opportunity for the Company to train individuals in mind and spirit and contribute to the betterment of the people of society.	The employees are taught that concerns may be raised verbally or in writing to the immediate supervisor/department head. The Management shall maintain the confidentiality of all the concerns or complaints raised and the anonymity of the person making the complaint to the fullest extent reasonably practicable within the legitimate needs of law.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	69	%
% of male workers in the workforce	31	%
Number of employees from indigenous communities and/or vulnerable search*	10	%

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where does it occur (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company has no gender nor age group preference in its policy towards employee hiring or movement. Factors considered are qualification, competency, experience and candidate's suitability to the position applied for.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company supports and promotes a diverse and inclusive workplace, regardless of gender, race, ethnicity, religious and political beliefs, education, socioeconomic backgrounds, sexual orientation, and cultures.

What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Not considered material topic of the organization today based on its existing employee profile.	The HR department has an open-door policy to listen and address employee concerns.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Not considered material topic of the organization today based on its existing employee profile.	The HR department has an open-door policy to listen and address employee concerns.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	705,444	Man-hours
No. of work-related injuries	1	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	5	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> As prevention is better than cure, safety is of paramount importance to the Company and its people. This applies to the occupational health and safety of all our employees and the product safety with our various business partners.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company is committed to providing a healthy and safe work environment for its workers and preventing occupational illness and injury. To express that commitment, it has adopted various policies concerning the health, safety, and welfare of employees, and ensures compliance with government mandate on workplace safety regulations.

What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Health and Safety risk - Equipment that are not handled and stored properly may cause employee injury at the workplace and even fatality - Internal hazards associated with fire may affect the workplace and surrounding communities	The Company's policy on Health, Safety, Security and Proper Use of Company Assets affirms the Company's commitment in providing and maintaining a safe, secure and healthy work environment. In turn, the employee has the responsibility to work safely, to keep work areas and common areas in the company neat and clean, not just to reduce the chances of injury but also to make the office a more attractive and pleasant place to work in. The regular employees of the Company are encouraged to undergo annual medical check-up. There have been no reported work-related accidents or health concerns in the Company. No personnel can be deployed to critical processes in our warehouse operation without undergoing our internal mandatory safety training.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> The employees must be trained to be ready at all times on how to address certain emergencies and use appropriate gears and first aid equipment. A documentation of all "near miss" incidents may be done for immediate improvement of the Company processes related to safety and to serve as actual examples and warnings. This may also be an opportunity to redesign the plant lay out to avoid high risk incidents.	The Company takes note of identified opportunities and may incorporate them to the necessary updates on safety practices.

Do you have policies that explicitly disallows violations of labor laws and human rights (i.e., 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	It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted. These concerns may involve commission of fraud, theft or corruption, unauthorized use of Company funds and properties, breach of a legal obligation, internal or external regulation or any procedure regarding accounting, auditing matters, as well as alleged irregularities of a general, operational and financial nature in the Company. The employees are taught that concerns may be raised verbally or in writing to the immediate supervisor/department head. The Management shall maintain the confidentiality of all the concerns or complaints raised and the anonymity of the person making the complaint to the fullest extent reasonably practicable within the legitimate needs of law.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Compliance with labor laws and regulations is important to the Company and ensures the welfare and protection of all its	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Compliance with labor laws and regulations is important to the Company, and all employees have direct access to the Human Resources
employees. All employees are also made aware of their human rights at the workplace.	Department to raise any relevant concern or issues.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Compliance with labor laws and regulations is important to the Company and ensures the welfare and protection of all its employees. All employees are also made aware of their human rights at the workplace.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Compliance with labor laws and regulations is important to the Company, and all employees have direct access to the Human Resources Department to raise any relevant concern or issues.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Regulatory compliance risk - No occurrence of any child labor or forced labor in the Company, but there is the risk of potential mistake in the decision of a hiring manager in the future if this is not formally written as a policy.	HR department is constantly apprised of updates and the Company will update its policies to address any form of child labor and forced labor in the Company.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Compliance with labor laws and human rights is essential to a healthy workplace environment	HR department is constantly apprised of updates on local labor laws and human right policies for the workplace.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:
No, for the Company's major suppliers or service providers, a request for proposal is required to be submitted based on an approved term of reference. A separate committee may be designated to review and evaluate proposals submitted and make recommendations for Board consideration.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	For the Company's major suppliers or service providers, a request for proposal is required to be submitted based on an approved term of reference. A separate committee may be designated to review and evaluate proposals submitted and make recommendations for Board consideration.
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> An efficient supply chain management is critical to assure quality of raw products and maintain quality until products are ultimately delivered/exported.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company has not established a formal supplier accreditation policy, although stringent standards of qualification from local suppliers have been set in our sourcing of products for distribution/exportation in the Philippines and to foreign markets.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> 1. Counterparty risk - Product shortages, non-meeting of product specifications or non-deliveries of products due to failure by our suppliers to perform their commitments affects the Company and our customers' business operations. 2. Outsourcing & Legal risks - Potential risk of being included in lawsuit for potential labor and human rights violation by any employee of the Company's service provider.	The Company keeps and maintains good relationships with a number of suppliers for its sourcing.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Not considered material topic as of present.	N/A

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (Positive or Negative) Impacts on Local Communities	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if possible)
Navotas Processing & Cold Storage Plant	Navotas City	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Coron Buying Station	Coron, Palawan	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Zamboanga Plant	Zamboanga City	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Asean Ocean Buying Station	Zamboanga City	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Naga, Cebu Plant	Cebu	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.

Estancia Plant	Ilo-Ilo	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Bulan Plant	Sorsogon	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Palawan Plant	Palawan	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Catbalogan Plant	Samar	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Guiuan Buying Station	Samar	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Masbate Buying Station	Masbate	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Bantayan Plant	Bantayan	Youth, Women, Solo parent,	Y	The locals are prioritized on employment	There is no negative impact as the

		refugees, migrants, the poor (class D & E)			company provides employment to the local community.
Cavite Cold Storage	Cavite	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Paranaque Live Seafoods	Paranaque	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.
Sta. Lourdes Buying Station	Puerto Princesa, Palawan	Youth, Women, Solo parent, refugees, migrants, the poor (class D & E)	Y	The locals are prioritized on employment	There is no negative impact as the company provides employment to the local community.

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization Supply is highly dependent on various factors Raw materials need to be properly stored given its high perishable nature	The Company continues to scout for source alternatives that would be most cost-effective for operations and logistic/supply chain in delivering the goods to customers.

What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization The company sources its raw materials locally thus employing locals in the community	The Company takes into consideration the residential location, in addition to experience and expertise, of the potential workers in consideration of the unnecessary stress brought about by daily commute to the workplace.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	N Customer feedback is acceptable and more direct approach.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> This material topic directly impacts the Company's revenue growth and business operations as well as customers' supply chain operation.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Customer feedback is acceptable and more direct approach.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Customer Satisfaction risk - Lost sales / non-retention of customers due to unsatisfactory	Customer feedback is acceptable and more direct approach.

customer service, poor product quality or delayed deliveries.	
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	
Increase customer satisfaction leads to higher sales revenue and increase market share	Customer feedback is acceptable and more direct approach.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service healthy and safety*	1	#
No. of complaints addressed	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
<i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	
Not a material topic.	None
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
Not a material topic.	None
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	
Not a material topic.	None

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> No material impact on the Company's business activities.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> None.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No identified risks.	None.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> No opportunity is identified.	None.

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> No material impact on the Company's business activities.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> None.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No risks identified.	None.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> No opportunities identified.	None.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> No identified material impact on the Company's business activities.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> None.

What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Information Security risk - Loss of organization's confidential and business data to market competition	The Company will conduct additional study on impact and protocols
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Enhance company reputation with stakeholders on ability of company to secure the data.	The Company will conduct additional study on impact and protocols

UN SUSTAINABLE DEVELOPMENT GOALS

Product 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 of Contribution	Management Approach to Negative Impact
Seafood products	Contributes to the high demand for sustainable seafood for hotels and restaurants including culinary schools among others	Nutritional value and health risks	Customer satisfaction is a primary concern of the company. Significant risk concentrations may result in potential losses in a given area, including losses that could arise from catastrophes such as earthquakes and typhoons and thereby the Company gets an excess of loss protection to limit the Company's exposure up to a specified amount. For the Company's major suppliers or service providers, request for a proposal is required to be submitted based on an approved term of reference. A separate committee may be designated to review and evaluate proposals submitted and make recommendations for Board consideration.
Pasteurized canned crabmeat			
Frozen marine products			
Raw crab meat			
Canning services			

****None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.***

-END-



Millennium Global Holdings, Inc. <millenniumglobalholdings@gmail.com>

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

Tue, Apr 30, 2024 at 11:07 PM

Greetings!

SEC Registration No: 0000025160

Company Name: MILLENNIUM GLOBAL HOLDINGS, INC.

Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER: TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, [7907 Makati Avenue](#),
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						2	5	1	6	0
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COMPANY NAME

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

Form Type

		A	C	F	S		
--	--	---	---	---	---	--	--

Department requiring the report

M	S	R	D
---	---	---	---

Secondary License Type, If Applicable

	N	A	
--	---	---	--

COMPANY INFORMATION

Company's email Address

millenniumglobalholdings@gmail.com

Company's Telephone Number

(632) 8551-2575

Mobile Number

	N/A
--	-----

No. of Stockholders

745

Annual Meeting (Month / Day)

Last Friday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

JANINE MANZANO

Email Address

Telephone Number/s

(02) 7218-0437

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

c/o Lot 9 Block 2 John St., Multinationa Village, Paranaque 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) 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 delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



Millennium Global Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

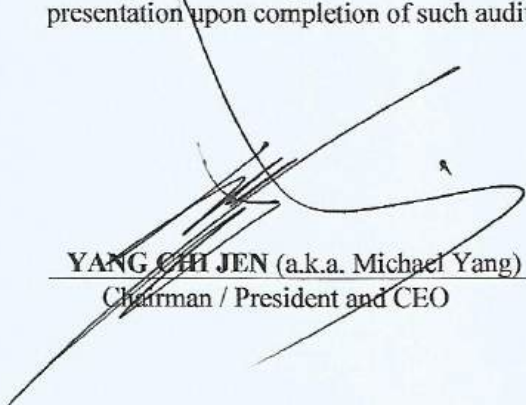
The management of **MILLENNIUM GLOBAL HOLDINGS, INC.** and its **Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

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

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

Valdes, Abad & Company, CPAs, the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

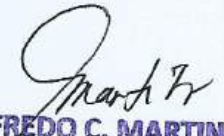

YANG CHI JEN (a.k.a. Michael Yang)
Chairman / President and CEO


AMELIA T. TAN
Treasurer

Signed this 30th day of April

DATE: 4/30/24
PAGE NO. 099
BOOK NO. 1204
SERIES OF

APR 30 2024
SUBSCRIBE AND SWORN TO BEFORE ME
A NOTARY PUBLIC FOR AD IN CITA
OF PHIL.
PARAQUE CITY


ATTY. WILFREDO C. MARTINEZ
NOTARY PUBLIC
VALID UNTIL DEC. 31, 2024
PTR NO. 0926161/01-08-2024
IBP NO. 020785/01-22-2024
MCLE NO. VII-017865
ROLL NO. 08205

INDEPENDENT AUDITOR'S REPORT

The Shareholders and Board of Directors

MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES

Lot 9 Block 2 John St., Multinational Village, Parañaque City

Opinion

We have audited the consolidated financial statements of **MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES** (the Group) which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of income, consolidated statements of changes in equity, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and of its consolidated financial performances and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter identified in our audit and how we addressed the matter is as follows:

Borrowings and obligations under finance lease

The Group entered into loan and finance lease agreements with local banks and lessors with a total of P1,037,144,641 which is equivalent to 52% of the total assets. See Notes 22, 23 and 35 of the consolidated financial statements for management's disclosures.

These matters were significant to our audit since the amount is material to the consolidated financial statements.

Audit response

Our audit procedure included assessing the existence and obligation of the Group on the outstanding liabilities. We have also obtained confirmations of the outstanding balances as at December 31, 2023 from the local banks and the leasing company. The documents were reviewed to verify fairness of the outstanding balances of the liabilities.

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

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

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

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

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

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

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

- (i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- (ii) 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. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) 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 the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such

disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- (v) 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.
- (vi) 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 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 be reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805-SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 30, 2024

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre
Street, Legaspi Village,
Makati City, Philippines

Branches:

Cebu and Davao

Phone: (632) 8892-5931 to 35

(632) 8519,2105

Fax: (632) 8819-1468

Website: www.vacocpa.com.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0314-SEC



INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors

MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES

Lot 9 Block 2 John St., Multinational Village, Parañaque City

We have examined the consolidated financial statements of **MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES** for the year ended December 31, 2023, on which we have rendered the attached report dated April 30, 2024.

In compliance with the revised SRC Rule 68, we are stating that the Group has seven hundred twenty-two (722) stockholders owning one hundred (100) or more shares each as of December 31, 2023.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:

ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805-SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines

April 30, 2024

**REPORT OF INDEPENDENT PUBLIC AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE
BASIC FINANCIAL STATEMENTS**

The Shareholders and the Board of Directors
MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES
Lot 9 Block 2 John St., Multinational Village, Parañaque City

We have examined the consolidated financial statements of **MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES** as of December 31, 2023 on which we have rendered the attached report dated April 30, 2024. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary schedules of the Group as of December 31, 2023 and for the year ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805-SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 30, 2024

**INDEPENDENT PUBLIC AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Shareholders and Board of Directors
MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES
Lot 9 Block 2 John St., Multinational Village, Parañaque City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES** as at December 31, 2023 and 2022 and have issued our report thereon dated April 30, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and no material exceptions were noted.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 29, 2021, Valid until July 14, 2024
SEC Accreditation No. 0314 - SEC, Group A
Valid for 2022 – 2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PTR No. 10081734, Issued Date: January 8, 2024, Makati City
BOA/PRC Reg. No. 0314
Issued on July 29, 2021, Valid until July 14, 2024
SEC Accreditation No. 99805-SEC, Group A
Valid for 2022 – 2026 audit periods
BIR Accreditation No. 08-002126-005-2024
Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 30, 2024

**MILLENNIUM GLOBAL HOLDINGS, INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Philippine Peso)

ASSETS	Notes	December 31,	
		2023	2022
CURRENT ASSETS			
Cash	10	327,271,022	395,437,450
Trade and other receivables, net	11	744,930,534	656,550,820
Due from related parties	14,32	114,329,686	124,407,283
Inventories	12	412,831,843	443,887,495
Prepayments and other current assets	13	110,434,756	120,200,018
Total Current Assets		1,709,797,841	1,740,483,066
NON CURRENT ASSETS			
Financial asset at FVOCI	15	50,000	50,000
Investment in associates	16	26,333,226	28,390,868
Property, plant and equipment, net	17	226,689,882	282,525,694
Deferred tax assets	34	15,969,265	15,207,986
Goodwill	18	14,521,202	14,521,202
Other non-current assets	19	330,536	330,536
Total Non Current Assets		283,894,111	341,026,286
TOTAL ASSETS		1,993,691,952	2,081,509,352
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	20	101,549,829	97,762,890
Due to related parties	21,32	147,742,827	146,023,035
Loans and borrowings	22	968,477,500	1,058,507,424
Lease liability, current portion	23,35	17,523,833	17,655,933
Total Current Liabilities		1,235,293,989	1,355,186,349
NON CURRENT LIABILITIES			
Lease liability, net of current portion	23,35	51,143,308	52,893,000
Retirement benefit obligation	33	44,538,994	43,760,577
Total Non-Current Liabilities		95,682,302	96,653,577
EQUITY			
Share capital	25	250,000,000	250,000,000
Treasury shares		(13,031,538)	(13,031,538)
Share capital, net		236,968,462	236,968,462
Additional paid in capital	26	36,578,500	36,578,500
Deposit for future share subscription	24	287,636,935	287,636,935
Deficit		(129,716,723)	(126,563,432)
Fair value reserve on financial assets at FVOCI	15	(300,000)	(300,000)
Net unrealized loss on remeasurement of retirement plan	33	(7,455,587)	(7,455,587)
Equity to non-controlling interest	6	239,004,074	238,041,615
Total Equity		662,715,661	664,906,493
TOTAL LIABILITIES AND EQUITY		1,993,691,952	2,081,509,352

See Consolidated Notes to Financial Statements

**MILLENNIUM GLOBAL HOLDINGS, INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF INCOME
(In Philippine Peso)

For the Years Ended December 31,	Note	2023	2022	2021
REVENUES	27	1,001,876,959	999,319,692	981,122,351
COST OF SALES	28	(938,712,347)	(936,066,296)	(918,362,850)
GROSS PROFIT		63,164,612	63,253,396	62,759,501
GENERAL AND ADMINISTRATIVE EXPENSES	29	(43,165,919)	(44,976,052)	(47,077,869)
INCOME FROM OPERATIONS		19,998,693	18,277,344	15,681,632
OTHER INCOME (LOSS), NET	30	1,289,390	4,856,115	4,800,252
FINANCE COSTS				
Finance income	10	97,766	34,979	93,832
Finance costs	31	(22,527,638)	(22,286,127)	(22,037,117)
Net		(22,429,872)	(22,251,148)	(21,943,285)
SHARE IN NET LOSS OF ASSOCIATE	16	(476,455)	(510,992)	(345,857)
INCOME (LOSS) BEFORE TAX		(1,618,244)	371,319	(1,807,258)
INCOME TAX EXPENSE	34	572,589	1,284,836	337,388
NET LOSS		(2,190,833)	(913,517)	(2,144,646)
NET LOSS ATTRIBUTABLE TO:				
Equity holders of the Parent Company		(3,153,291)	(898,831)	(797,520)
Non-controlling interest		962,459	(14,686)	(1,347,126)
		(2,190,832)	(913,517)	(2,144,646)
EARNINGS (LOSS) PER SHARE				
Basic earnings (loss) per share	36	(0.00133)	(0.00036)	(0.00032)
Diluted earnings (loss) per share	36	(0.00133)	(0.00036)	(0.00032)

See Consolidated Notes to Financial Statements

**MILLENNIUM GLOBAL HOLDINGS, INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Philippine Peso)

For the Years Ended December 31,	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before tax		(1,618,244)	371,319	(1,807,258)
Adjustment for:				
Depreciation and amortization	17	84,551,162	117,741,172	74,197,535
Expired MCIT		-	(56,985)	(6,032)
Retirement benefits expense	33	778,417	505,221	1,572,822
Finance income	10	(97,766)	(34,979)	(93,832)
Finance cost	31	22,527,638	22,286,127	22,037,117
Foreign exchange (gain) loss		1,581,186	(2,457,748)	(2,509,039)
Share in net loss of associate	16	476,455	510,992	345,857
Operating income before changes in working capital		108,198,848	138,865,119	93,737,170
Decrease (increase) in:				
Trade and other receivables, net		(88,379,714)	43,423,068	(257,677,960)
Inventories		31,055,652	18,259,087	25,598,780
Prepayments and other current assets		9,765,262	(1,570,774)	(2,384,967)
Decrease in trade and other payables		3,786,939	2,144,685	(1,902,368)
Cash used in operations		64,426,987	201,121,185	(142,629,345)
Finance income received	10	97,766	34,979	93,832
Benefits paid	33	-	(110,580)	(5,083,598)
Income taxes paid	34	(1,333,868)	(612,638)	(409,187)
Net Cash Flow from Operating Activities		63,190,885	200,432,946	(148,028,298)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment	17	(28,715,350)	(59,000,001)	(87,225,609)
Due from related parties	14, 32	10,077,597	(1,157,374)	-
Proceeds from sale/collection of:				
Subscription receivable		-	-	5,328,500
Due from related parties	32	-	-	6,901,313
Net Cash Flow from Investing Activities		(18,637,753)	(60,157,375)	(74,995,796)
CASH FLOWS FROM FINANCING ACTIVITIES				
Return of share capital	25	-	(13,031,538)	-
Proceeds from availments of borrowings	22	-	-	250,034,404
Repayments of borrowings	22	(90,029,924)	(102,917,617)	-
Additions to/(payment of) lease liability	35	(1,881,792)	(8,858,271)	(5,870,092)
Finance cost on bank loans	22, 31	(15,532,925)	(15,094,230)	(14,622,998)
Finance cost on lease obligations	31	(6,994,711)	(7,191,897)	(7,414,119)
Advances to related parties	32	1,719,792	11,333,029	(3,478,500)
Deposit for future share subscription	22	-	-	250,000,000
Net Cash Flow from Financing Activities		(112,719,560)	(135,760,524)	468,648,695
NET INCREASE (DECREASE) IN CASH		(68,166,428)	4,515,047	245,624,601
CASH AT BEGINNING OF YEAR	10	395,437,450	390,922,403	145,297,802
CASH AT END OF YEAR	10	327,271,022	395,437,450	390,922,403

See Consolidated Notes to Financial Statements

MILLENNIUM GLOBAL HOLDINGS, INC.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Philippine Peso)

	Attributable to owners of Parent Company							Non Controlling Interest	Total equity
	Share Capital (Note 25)	Treasury shares (Note 25)	Share Premium (Note 26)	Deposit for future share subscription (Note 24)	Deficit	Fair Value Reserve on Financial Assets at FVOCI (Note 15)	Remeasurement of retirement benefits obligation (Note 33)		
Adjusted Balance at January 1, 2021	250,000,000		36,578,500	37,636,935	(124,810,096)	(300,000)	(7,455,587)	239,403,427	431,053,179
Net loss for the year	-		-	-	(797,520)	-	-	(1,347,126)	(2,144,646)
Additional deposits	-		-	250,000,000	-	-	-	-	250,000,000
At December 31, 2021	250,000,000		36,578,500	287,636,935	(125,607,616)	(300,000)	(7,455,587)	238,056,301	678,908,533
Expired MCIT	-		-	-	(56,985)	-	-	-	(56,985)
Adjusted Balance at January 1, 2022	250,000,000	-	36,578,500	287,636,935	(125,664,601)	(300,000)	(7,455,587)	238,056,301	678,851,548
Net loss for the year	-		-	-	(898,831)	-	-	(14,686)	(913,517)
Additional deposits	-		-	-	-	-	-	-	-
Return of share capital		(13,031,538)	-	-	-	-	-	-	(13,031,538)
At December 31, 2022	250,000,000	(13,031,538)	36,578,500	287,636,935	(126,563,432)	(300,000)	(7,455,587)	238,041,615	664,906,493
Net loss for the year	-	-	-	-	(3,153,291)	-	-	962,459	(2,190,832)
At December 31, 2023	250,000,000	(13,031,538)	36,578,500	287,636,935	(129,716,723)	(300,000)	(7,455,587)	239,004,074	662,715,661

See Consolidated Notes to Financial Statements

**MILLENNIUM GLOBAL HOLDINGS, INC.
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021**

NOTE 1 – CORPORATE INFORMATION

Millennium Global Holdings, Inc. (the Parent Company), Millennium Ocean Star Corporation and Cebu Canning Corporation, its subsidiaries, (collectively referred to herein as the “Group”) were incorporated under the laws of the Republic of the Philippines.

Millennium Global Holdings, Inc. – the Parent

Millennium Global Holdings, Inc. (the “Parent”) is a general holding company. It was incorporated and registered with the Philippine Securities and Exchange Commission (“SEC”) per SEC Registration No. 25160 on May 19, 1964. It is also listed in the Philippine Stock Exchange, Inc. (the “PSE”) since March 1, 1976. It uses the ticker symbol MG.

In the recent years, the Parent Company has established its presence through the seafood businesses of its subsidiaries. Nevertheless, it adopts a positive stance to portfolio diversification and varied business opportunities as the SEC on February 14, 2013 approved, among others, the amendment of its primary purpose to become a general holding company.

On February 1, 2017, the SEC approved the Parent Company’s application for decrease in authorized capital stock to ₱250 Million and equity restructuring. On March 20, 2017, the SEC further approved the equity restructuring to partially wipe out the remaining deficit as of December 31, 2015.

On October 7, 2022, the SEC approved the Parent Company’s application for change of the principal office to Lot 9 Block 2 John St., Multinational Village, Paranaque City.

Millennium Ocean Star Corporation (MOSC) – a Subsidiary

The Parent Company owns 51% controlling interest in MOSC. MOSC is primarily engaged in the processing of high-quality seafood and aquaculture products for export and trading of imported marine and other related products. Its key business activity is the processing and export of several quality and high valued seafood products such as Black Tiger Shrimps, Kisu (asohos) fillet, frozen lobsters, etc. Its processing plants and buying stations are strategically located all over the country, enabling it to have a strong market foothold in Japan, Taiwan, Hong Kong, Vietnam, Malaysia, Singapore, United States of America, Canada, etc. MOSC also imports salmon, mackerel scad, scallops, shrimps, etc. for the local market, supplying supermarkets, groceries, food processors, hotels, and restaurants nationwide.

The Subsidiary was organized under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) per Registration No. A200008891 on June 7, 2000.

The Subsidiary’s registered office address is at Block 4 Lot 6 Greenbreeze Village, Langkaan II, Dasmariñas, Cavite, Philippines.

Cebu Canning Corporation (C3) – a Subsidiary

The Parent Company also owns 51% stake in Cebu Canning Corporation (C3). C3 is a domestic company engaged in the business of manufacturing, processing and dealing in pasteurized canned crabmeat, frozen marine products and other food products for export purposes. The raw crab meat which is the main material used in the business is locally sourced by C3.

Due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

The Subsidiary was incorporated under the laws of the Republic of the Philippines and registered with Philippine Securities and Exchange Commission (SEC) per Registration No. CS200806090 on April 24, 2008.

The Subsidiary's registered office address is at Tresco Compound, Casuntinigan, Asahi Road, Mandaue City, Cebu, Philippines.

Approval of consolidated financial statements

The consolidated financial statements of the Group as for the years ended December 31, 2023 and 2022 was authorized for issue in accordance with a resolution of the BOD on April 30, 2024 and that the Chairman of Board is authorized to approve such consolidated financial statements on their behalf.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs). PFRSs includes all applicable PFRS, Philippine Accounting Standards (PASs) and Interpretations issued by the Philippine Financial Reporting Interpretation Committee (PFRIC) as approved by the Financial Reporting Standards Committee (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared on the accrual basis using historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. All values are rounded to the nearest million, except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, Millennium Global Holdings, Inc., and the following subsidiaries as of December 31:

	Percentage of Ownership	
	2023	2022
Operating subsidiaries:		
Millennium Ocean Star Corporation	51%	51%
Cebu Canning Corporation	51%	51%

A subsidiary is an entity in which the Parent Company has control. Subsidiaries are consolidated from the date on which control is transferred to the Parent Company and cease to be consolidated from the date on which control is transferred out of the Parent Company. Control is achieved when the Parent Company is exposed to, 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. Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the

consolidated financial statements from the date the Group gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to intra-group transactions are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative transaction differences 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
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

Non-controlling Interests

Non-controlling interests represent the interests in subsidiaries which are not owned, directly or indirectly through subsidiaries, by the Parent Company. If losses applicable to the non-controlling interest in a consolidated subsidiary exceed the non-controlling interest's equity in the subsidiary, the excess, and any further losses applicable to non-controlling interest, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good of the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the interest's share of losses previously absorbed by the majority interest has been recovered.

2.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PRFS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statements of income.

After the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is reviewed for impairment at least annually. Any impairment loss is recognized immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.4 Use of judgment and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 Adoption of new and revised accounting standards

The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements:

Effective beginning on or after January 1, 2023

Amendments to PAS 1, Presentation of Financial Statements. These amendments help entities provide useful accounting policy disclosures by: requiring entities to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies relating to material transactions, other events or conditions are themselves material.

These *Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors* clarify how entities distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and guidance on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy.

These *Amendments to PAS 12, Income Taxes* clarify how entities account for deferred taxes on certain transactions, such as leases and decommissioning obligations, with a focus on reducing diversity in practice. The amendments narrow the scope of the initial recognition exemption so entities will need to recognize a deferred tax asset and a deferred tax liability arising from transactions that give rise to equal and offsetting temporary differences.

PFRS 17 – Insurance Contract. This establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance, and cash flows.

The amendments do not have material impact on the consolidated financial statements.

Effective beginning on or after January 1, 2024

Amendment to PFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 – Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The Group is still assessing the impact of the preceding amendments to the consolidated financial statements.

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The Group is still assessing the impact of the preceding amendment to the consolidated financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

3.1 Financial instruments

Initial recognition

The financial asset or a financial liability are recognized only when the entity becomes party to the contractual provisions of the instrument.

A financial asset (except trade receivable without a significant financing component) or financial liability are initially measured at fair value plus, in the case not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement

The financial assets are classified based on the Group's business model for managing the assets and the contractual cash flows characteristics, and these are measured as follows:

- **Amortized cost** - a financial asset is measured at amortized cost if both of the following conditions are met:
 - i. The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - ii. 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.
- **Fair value through other comprehensive income (FVOCI)** - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Fair value through profit or loss (FVTPL)** - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The foregoing categories of financial instruments are more fully described below.

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

As of December 31, 2023, and 2022, the Group has no financial assets at FVTPL.

Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. Cash, trade and other receivables, refundable deposits, and due from related parties are included in this category.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

As of December 31, 2023, and 2022, the Group's equity investments are carried at FVOCI.

Financial liabilities – Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

As of December 31, 2023, and 2022, the Group has no financial liabilities classified under FVTPL.

The other financial liabilities of the Group as of December 31, 2023 and 2022, includes trade and other payables, due to related parties, borrowings, and lease liability.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

Impairment of financial assets are recognized in stages as follows:

- Stage 1 - As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognized in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (without deduction for expected credit losses).
- Stage 2 - If the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognized in profit or loss. The calculation of interest revenue is the same as for Stage 1.
- Stage 3 - If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognized on these financial assets.

3.2 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is primarily held for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- It is cash on hand and in banks 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 noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as noncurrent.

3.3 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the consolidated statement of income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3.4 Fair value measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at the initial measurement or at each statement of financial position date. 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 the 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 asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3.5 Cash

Cash consist of cash on hand and in banks. Cash in banks earns interest at respective bank deposit rates. For purpose of reporting cash flows, cash on hand and in banks are unrestricted and available for use in current operations.

3.6 Trade and other receivables

Trade and other receivables are recognized initially at the transaction price and are subsequently measured at amortized cost using the EIR method, less provision for impairment. Provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

3.7 Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value (NRV). Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out (FIFO) method. NRV represent the estimated selling price less all estimated costs to be incurred in marketing, selling and distributing the goods.

When the NRV of the inventories is lower than the cost, the group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the consolidated statement of income.

When the inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

3.8 Prepayments and other current assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to the consolidated statement of income as they are consumed in operations or have expired with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Other assets are recognized when the Group expects to receive future economic benefit from them and the amount can be measured reliably. Other assets are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year of the Group's normal operating cycle, whichever is longer. Otherwise, other assets are classified as non-current assets.

3.9 Investment in associates

Associates are entities over where the Parent Company is in a position to exercise significant influence in the financial and operating policy decisions but not control or joint control.

Investment in associates is recognized using the equity method of accounting. Under the equity method the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. On acquisition of the investment any difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with PFRS 3 Business Combinations.

The income statement of the investor includes the investor's share of the income statement of the investee.

Losses of associates in excess of the Company's interest in the relevant entity are not recognized except to the extent that the Company has an obligation. Profits on company transactions with associates are eliminated to the extent of the Company's interest in the relevant associate.

Below is the Parent Company's associate, which is incorporated outside the Philippines.

<u>Associate</u>	<u>Percentage of Ownership</u>
Pacific Seafoods Company (PASECO)	47.57%

3.10 Property, plant and equipment

Property, plant and equipment are initially measured at cost. At the end of each reporting period, items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable the future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expense in the period in which those are incurred.

Depreciation and amortization is charged so as to allocate the cost of other assets less their residual values over their estimated useful lives using the straight-line method.

Below are the estimated useful lives used for the depreciation and amortization of property, plant and equipment:

	<u>Useful years</u>
Building	30 years
Leasehold improvements	15 years
Machineries	15 years
Transportation equipment	5 years
Furniture and fixtures	5 years

Land is not depreciated. Leasehold improvements are amortized over the term of the lease, or the estimated useful life of the leasehold improvements whichever is shorter.

The estimated useful lives and depreciation and amortization method are reviewed periodically, and adjusted prospectively, if necessary, to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The lease term includes assumption of lease renewals when such have been determined to be reasonably assured. The lease renewal is reasonably assured when failure to renew the lease imposes a penalty to the lessee.

Depreciation and amortization of these assets, on the same basis as other property assets commences at the time the assets are ready for their intended use.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to the consolidated statement of income.

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 arising on the disposal or retirement of an asset, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the consolidated statement of income.

3.11 Refundable security deposits

Refundable security deposits represent payments made in relation to the lease agreements entered into by the Group. These are carried at cost and will generally be applied as lease payments toward the end of the lease terms or refunded to the Group.

3.12 Impairment of non-financial assets other than inventories

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the Group makes a formal estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or its Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Recoverable amount 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 or CGU 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 assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized. Reversals of impairment are recognized in the consolidated statement of income.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group performs its impairment test of goodwill every reporting date.

3.13 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provision.

Government dues and remittances include withholding income taxes which represent taxes retained by the Group for an item of income required to be remitted to the BIR in the following month. The obligation of the Group to deduct and withhold the taxes arises at the time an income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term "payable" refers to the date the obligation becomes due, demandable or legally enforceable.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the EIR method.

3.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost using EIR method, which ensures that any finance cost over the period of repayment is at constant rate on the balance of the liability carried in the consolidated statements of financial position.

The Group classifies borrowings as current liabilities if settlement is expected within one year or less, and the Group does not have the right to defer settlement of the liabilities and does not breach any loan provisions on or before the end of the reporting period. Otherwise, these are presented as noncurrent liabilities.

3.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Borrowing costs that are not directly attributable to the acquisition, construction, or production of qualifying asset are recognized in the consolidated statement of income in the period which they are incurred.

3.16 Provisions and contingencies

Provisions are recognized when: (a) Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a consolidated asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

3.17 Due to (from) related parties

Due to (from) related parties are non-interest-bearing borrowings. These are measured initially at their nominal values and subsequently recognized at amortized costs less settlement payments.

3.18 Deposit for future share subscription

Deposit for future share subscription represents payments made on subscription of shares which cannot be directly credited to 'Capital Stock' pending application for the approval of the proposed increase presented for filing /filed with the SEC and registration of the amendment to the Articles of Incorporation increasing capital stock. The paid-up subscription can be classified under equity if the nature of the transaction give rise to a contractual obligation of the Group to deliver its own shares to the subscriber in exchange of the subscription amount.

In addition, deposit for future share subscription shall be classified under equity if all of the following elements are present as at reporting date:

- a. The unissued authorized capital of the entity is insufficient to cover the amount of shares indicated in the contract;
- b. There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- c. There is stockholders' approval of said proposed increase; and
- d. The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission.

If any or all of the foregoing elements are not present, the deposit for future share subscription shall be recognized as a noncurrent liability in the consolidated statements of financial position.

As of December 31, 2023, the Group's application for increase in authorized capital stock is pending for approval of the SEC.

3.19 Equity

Share capital is measured at par value for all shares issued. When the shares are sold out at a premium, the difference between the proceeds and the par value is credited to the "Share premium" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

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

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called "deficit", and presented as a deduction from equity.

Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as liability in the Group's consolidated financial statements in the period in which the dividends are declared and approved by the Group's BOD.

3.20 Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognized at a point in time 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 the goods or services. The Group applies this standard with its revenue arrangements on investments.

To determine whether to recognize revenue, the Group follows a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligation;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and,
5. Recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following gating criteria must be present:

- The parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- Each party's rights regarding the goods or services to be transferred or performed can be identified;
- The payment terms for the goods or services to be transferred or performed can be identified;
- The contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract; and,
- Collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,

- The Company's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 4.

Sale of goods

Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

- a. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. The Group retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- c. The amount of revenue can be measured reliably;
- d. It is probable that the economic benefits associated with the transaction will flow to the Group; and
- e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sale is recognized.

Rental income

Rental income from non-cancellable operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Finance income

Interest income is recorded using the EIR which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. Interest income is included in "finance income" in the consolidated statements of income.

Contract balances

Receivable from Customers

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Cost to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

3.21 Employee benefits

A defined contribution plan is a pension plan under which Group pays fixed contributions into a consolidated entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability or asset recognized in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of all related pension obligations.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset 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 expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

3.22 Costs and expense recognition

Costs and expenses are recognized in the consolidated statements of income when the decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Costs and expenses are recognized in the consolidated statements of income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Costs and expenses in the consolidated statements of income are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and include purchases of goods, distribution costs, labor costs and overhead. General and administrative expenses are costs attributable to administrative and other business activities of the Group.

3.23 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether the contract meets three key evaluations which are whether:

- a) the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- b) the Group has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c) the Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The Group as a lessee

The Group recognizes right-of-use assets and lease liabilities for its leases.

(a) Right-of-use asset

At lease commencement date, the Group recognizes a right-of-use asset on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3.24 Taxes

Current income tax

Current income tax assets and liabilities for the current period is 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 are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits from MCIT and NOLCO and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

Value-added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT.

For acquisition of capital goods over ₱1,000,000, the VAT is deferred and amortized over the useful life of the related capital goods or 60 months, whichever is shorter, commencing on the date of the acquisition.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'trade and other payables' in the consolidated statements of financial position.

3.25 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. The key management personnel of the Group and post-employment benefit plans for the benefit of the Group's employees are also considered to be related parties.

3.26 Earnings per share (EPS)

Basic EPS is determined by dividing profit or loss by the weighted average number of shares issued and outstanding during the year.

For the purpose of calculating diluted EPS, profit or loss for the year attributable to ordinary equity shareholders of the Group and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

3.27 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Allocating resources and assessing performance of the operating segments, has been identified as the Chairman of the Board that makes strategic decisions.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

Segment results that are reported to the Chairman of the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, interest income and expenditures and income tax assets and liabilities.

3.28 Events after the reporting date

Post year-end events up to the date when the consolidated financial statements were authorized for issue by the BOD that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTE 4 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with PFRS requires the management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

4.1 Judgments

a) Going concern

The Group's management has made an assessment on the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

b) Determination of functional currency

The consolidated financial statements are presented in the Philippine Peso, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

c) Classification of financial statements

The Group exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

The classification of financial assets and liabilities is presented in Note 8.

d) Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

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

e) Revenue recognition from contracts with customers

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the (a) identification of the contract for sale of goods and services that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; and (c) determining the timing of satisfaction of the performance obligation.

f) Identification of the contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

g) Determining performance obligation

With respect to sale of goods, the Group concluded that the transfer of goods and services in each contract constitute a performance obligation. Generally, the Group is responsible for all these goods and services and the overall management of the sale and production.

The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output.

h) Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for a recognition over a period of time:

- (a) The customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- (b) the Group's performance does not create an asset with an alternative use and;
- (c) the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

i) Determination whether an agreement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

The Group has entered into a lease arrangement as a lessor and a lessee.

Leases are further disclosed in Note 35.

j) Contingencies

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsel handling the Group's defense in this matter and is based upon an analysis of potential results. Management does not believe that the outcome of his matter will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to this proceeding.

k) Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

4.2 Estimates

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

a) Fair values of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 7.

b) Assessing ECL on financial assets

The Group applies the general approach in measuring the ECL. For cash, the Group assessed that cash is deposited with reputable banks that possess good credit ratings. For trade and other receivables and due from related parties, the Group considers the financial capacity of the counterparty. No ECL was recognized in 2023 and 2022. The carrying amounts of the Group's financial assets are as follows:

	Note	2023	2022
Cash	10	P 327,271,022	P 395,437,450
Trade and other receivables, net*	11	646,946,586	561,999,370
Due from related parties	14,32	114,329,686	124,407,283

**Excludes advances to suppliers*

c) Allowance for credit losses of receivables

The Group reviews its impaired receivables at each reporting date to assess whether an additional provision for credit losses should be recorded in the profit and loss. In, particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the allowance.

The carrying value of receivables amounted to P744,930,534 and P656,550,820 as of December 31, 2023, and 2022, respectively (Note 11).

No allowance for credit losses were recognized as of December 31, 2023 and 2022. No write-off and recoveries either were recognized by the Group as of December 31, 2023 and 2022.

d) Impairment of trade and other receivables and due from related parties

The Group reviews its receivables at each reporting date to assess whether an impairment loss should be recognized in its consolidated statement of income or receivables balance should be written off. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance is required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Moreover, management evaluates the presence of objective evidence of impairment which includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial re-organization.

The carrying values of trade and other receivables and due from related parties and the related allowance for impairment losses provided as at December 31, 2023 and 2022 are disclosed in Notes 11, and 13.

e) Impairment of equity investments

The Group classifies certain financial assets as equity investments and recognizes movements in fair value in OCI and equity. When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognized in profit or loss. Impairment may be appropriate when there is evidence of deterioration in the financial wealth of investee, industry and sector performance and operational and financing cash flows. The Company treats financial assets at other comprehensive income as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

The Group treats "significant" generally as 20% or more of the original cost of the investment, and "prolonged," longer than 12 months. In addition, the Company evaluates other factors including normal volatility in share price for quoted securities and the future cash flows and the discount factors for unquoted securities.

Accumulated unrealized loss recognized for the years ended December 31, 2023 and 2022 both amounted to ₱300,000. The carrying amount of financial assets at FVOCI both amounted to ₱50,000 as at December 31, 2023 and 2022 (Note 15).

f) Estimation of net realizable values and impairment of inventories

The Group provides an allowance to reduce inventories to net realizable values whenever the utility of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the net realizable value is reviewed regularly.

The carrying values of inventories and the related allowance for inventory obsolescence are disclosed in Note 12.

g) Estimation of useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property, plant and equipment would increase recorded depreciation and amortization expense and decrease the related asset accounts.

The estimated useful lives of property, plant and equipment are discussed in Note 3.10.

h) Impairment of goodwill

The Group performed its annual impairment test on its goodwill as of reporting date. The recoverable amounts of the intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The following assumptions were also used in computing value in use:

Growth rate estimates – growth rates were based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates – discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio. Value-in-use is the most sensitive to changes in discount rate and growth rate.

i) Impairment of non-financial assets other than inventories

The Group assesses at each reporting date whether there is an indication that the carrying amount of all non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. At the reporting date, the Group assesses 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.

Management has reviewed the carrying values of the Group's property, plant and equipment as at December 31, 2023 and 2022 for impairment. Based on the results of its evaluation, there were no indications that the property and equipment were impaired, thus, no impairment loss needs to be recognized in 2023, 2022 and 2021.

j) Realizability of deferred tax assets

Management reviews carrying amount of deferred tax assets at each reporting date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

The Group's recognized deferred tax assets amounted to ₱15,969,265 and ₱15,207,986 as at December 31, 2023 and 2022, respectively (see Note 34). The Group has not recognized deferred tax assets on NOLCO of the Parent Company as at December 31, 2023 and 2022. The non-recognition of deferred tax assets on NOLCO is based on management's assumption that there will be no available future taxable profits for the Parent Company.

k) Incremental borrowing rate of lease liability

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The incremental borrowing rate is determined by the Group on the commencement date of the lease. As a result, it incorporates the impact of significant economic events and other changes in circumstances arising between lease inception and commencement.

This incremental rate is used to measure the lease liability at the present value of lease payments that are not paid at the end of lease term. In 2023, the Group's determined incremental rates used to compute the carrying value of lease liability amounting to a total of ₱68,667,141 are 7% and 5% (Note 35).

l) Estimation of retirement benefits

The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. The assumptions described in Note 31 include, among others, discount rates, average remaining working lives and rates of compensation increase. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect pension and other retirement obligations.

The details of the Group's retirement benefits are provided in Note 33.

4.3 Provision and contingencies

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside legal counsel and is based upon an analysis of potential results.

NOTE 5 – BUSINESS COMBINATION

In 2013, the stockholders approved the investment in and/or acquisition of various businesses and operating companies, including 51% controlling interest in MOSC, majority-owned by the Parent Company's Chairman and President, Yang Chi Jen. A Subscription Agreement acquiring 51% controlling interest in MOSC was consequently executed on January 10, 2014.

In 2017, the Company made additional subscription to 117,091,837 primary shares of its subsidiary, MOSC, at par value of Php1.00 per share, to maintain the Company's 51% ownership in MOSC.

In 2017, Yang Chi Jen, subscribed to the remaining 365,785,000 unissued shares of the Parent Company at Php0.20 per share, double the lowered par value of Php0.10 per share, equivalent to a total amount of Php73,157,000 with premium of Php36,578,500. The BOD likewise approved the subscription by Yang Chi Jen to at least 25% of the proposed increase in authorized capital stock of the Company at Php0.20 per share. The increase in authorized capital stock of the Company was initially pegged from Php250,000,000 to Php750,000,000 but was later amended during the year to an amount as may be determined by the BOD but not exceeding Php10 Billion.

On March 18, 2021, the BOD determined and approved the initial additional increase of the authorized capital stock of the Company from ₱250 Million to ₱750 Million divided into 5,000,000 common shares at par value of ₱0.10 per share. The proceeds of the transaction shall be invested in MOSC, for the purpose of supporting its operations and expanding its production lines for fish and meat caning, meat and seafoods processing, and sauces.

NOTE 6 – SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

In determining whether an NCI is material to the Parent Company, management employs both quantitative and qualitative factors to evaluate the nature of, and risks associated with, the Parent Company's interests in these entities, and the effects of those interests on the Parent Company's financial position. Factors considered include, but not limited to, carrying value of the subsidiary's NCI relative to the NCI recognized in the Parent Company's consolidated financial statements, the subsidiary's contribution to the Parent Company's consolidated revenues and net income, and other relevant qualitative risks associated with the subsidiary's nature, purpose and size of activities.

Based on management's assessment, the Group has concluded that MOSC and C3 are considered subsidiaries with NCI that is material to the Parent Company.

The ability of the subsidiary to pay dividends or make other distributions or payments to their shareholders (including the Parent Company) is subject to applicable law and other restrictions contained in financing agreements, shareholder agreements and other agreements that prohibit or limit the payment of dividends or other transfers of funds.

The summarized financial information of MOSC and C3 are presented below, before inter-company eliminations but after consolidation adjustments for goodwill, other fair value adjustments on acquisition and adjustments required to apply uniform accounting policies at group level.

	2023			2022		
	MOSC	C3	Total	MOSC	C3	Total
Equity share held by NCI	49%	49%		49%	49%	
Summarized Statements of Financial Position:						
Current assets	1,576,379,896	14,278,156	1,590,658,052	1,597,165,110	14,278,656	1,611,443,766
Non-current assets	338,018,163	2,821,895	340,840,058	404,598,427	3,013,265	407,611,692
Current liabilities	1,075,809,637	30,055,325	1,105,864,962	1,164,604,635	29,810,605	1,194,415,240
Non-current liabilities	94,397,047	1,285,255	95,682,302	95,368,322	1,285,255	96,653,577
Total Equity	744,191,375	(14,240,529)	729,950,846	741,790,580	(13,803,939)	727,986,641
Equity attributable to Parent Company shareholders	255,992,950	(7,233,609)	248,759,341	254,768,545	(7,010,947)	394,219,312
Equity attributable to NCI	245,954,012	(6,949,936)	239,004,076	244,777,622	(6,736,007)	238,041,615
Summarized Statements of Comprehensive Income:						
Revenues	1,001,876,959	-	1,001,876,959	999,319,692	-	999,319,692
Net income (loss)	2,400,795	(436,591)	1,964,204	1,028,865	(1,058,837)	(29,972)
Loss attributable to Parent Company shareholders	1,224,405	(222,662)	1,001,743	524,721	(540,007)	(15,286)
Loss attributable to NCI	1,176,390	(213,929)	962,461	504,144	(518,830)	(14,686)
Dividends declared to NCI	-	-	-	-	-	-
Dividends paid to NCI	-	-	-	-	-	-
Summarized Statements of Cash Flows:						
Operating activities	63,888,806	(245,220)	63,643,586	202,442,572	(500)	202,442,072
Investing activities	(27,888,020)		(27,888,020)	(59,000,001)	-	(59,000,001)
Financing activities	(104,207,034)	244,720	(103,962,314)	(138,979,338)	-	(138,979,338)
Effects of changes in foreign exchange rates	-	-	-	-	-	-
Net increase (decrease) in cash	(68,206,248)	(500)	(68,206,748)	4,463,233	(500)	4,462,733

NOTE 7 – FAIR VALUE MEASUREMENT

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash, trade and other receivables, trade and other payables and short-term borrowings. Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Amounts due from and due to related parties. Carrying amounts of due from and due to related parties which are collectible/payable on demand approximate their fair values. Due from related parties are unsecured and have no foreseeable terms of repayments.

Long-term borrowings. The fair value of long-term borrowings is based on the future undiscounted value of future cash flows (interests and principal) using the applicable rates for similar types of loans.

Fair value hierarchy assets and liabilities

Assets and liabilities carried at fair values are required to be disclosed.

- Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value that are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the Company's asset carried at fair value:

	Level 1	Level 2	Level 3
December 31, 2023			
<i>Financial asset at FVOCI</i>			
Investment in golf share (Note 15)	₱ <u>50,000</u>	₱ <u>-</u>	₱ <u>-</u>
December 31, 2022			
<i>Financial asset at FVOCI</i>			
Investment in golf share (Note 15)	₱ <u>50,000</u>	₱ <u>-</u>	₱ <u>-</u>
December 31, 2021			
<i>Financial asset at FVOCI</i>			
Investment in golf share (Note 15)	₱ <u>50,000</u>	₱ <u>-</u>	₱ <u>-</u>

The basis of the fair value of financial assets at FVOCI is the price of its most recent transaction based on Level 1 of the fair value hierarchy disclosed in Note 3.4.

Financial assets and liabilities measured at amortized cost for which fair values are disclosed:

	December 31, 2023		December 31, 2022	
	Level 1	Level 3	Level 1	Level 3
Financial Assets				
Cash (Note 10)	₱ 327,271,022	₱ -	₱ 395,437,450	₱ -
Trade and other receivables (Note 11) *	-	646,946,586	-	561,999,370
Due from related parties (Note 14 and 32)	-	114,329,686	-	124,407,283
Refundable security deposits (Note 19)	-	330,536	-	330,536
Total	₱ <u>327,271,022</u>	₱ <u>761,606,808</u>	₱ <u>395,437,450</u>	₱ <u>686,737,189</u>
Financial Liabilities				
Trade and other payables (Note 20) **	₱ -	₱ 98,782,650	₱ -	₱ 93,336,784
Due to related party (Notes 21 and 32)	-	147,742,827	-	146,023,035
Borrowings (Note 22)	968,477,500	-	1,058,507,424	-
Lease liability (Note 23 and 35)	68,667,141	-	70,548,933	-
Total	₱ <u>1,037,144,641</u>	₱ <u>246,525,477</u>	₱ <u>1,129,056,357</u>	₱ <u>239,359,819</u>

*Exclusive of advances to suppliers and advances to employees

**Exclusive of government payables

For cash, with fair value included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

There had been no transfers between Level 1, Level 2 and Level 3 for the years ended December 31, 2023 and 2022.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

NOTE 8 - FINANCIAL INSTRUMENTS

The following table shows the classification, carrying values and fair values of the Group's financial assets and financial liabilities as at December 31, 2022 and 2021:

	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortized cost				
Cash (Note 10)	₱ 327,271,022	₱ 327,271,022	₱ 395,437,450	₱ 395,437,450
Trade and other receivables (Note 11) *	646,946,586	646,946,586	561,999,370	561,999,370
Due from related parties (Notes 14 and 32)	114,329,686	114,329,686	124,407,283	124,407,283
Refundable security deposits (Note 19)	330,536	330,536	330,536	330,536
Financial asset at FVOCI				
Investment in golf share (Note 15)	50,000	50,000	50,000	50,000
Total	₱ 1,088,927,830	₱ 1,088,927,830	₱ 1,082,224,639	₱ 1,082,224,639
Financial liabilities				
Trade and other payables (Note 20) **	₱ 98,782,650	₱ 98,782,650	₱ 93,336,784	₱ 93,336,784
Due to a related party (Notes 21 and 32)	147,742,827	147,742,827	146,023,035	146,023,035
Borrowings (Note 22)	968,477,500	968,477,500	1,058,507,424	1,058,507,424
Lease liability (Note 23 and 35)	68,667,141	68,667,141	70,548,933	70,548,933
Total	₱ 1,283,670,118	₱ 1,283,670,118	₱ 1,368,416,176	₱ 1,368,416,176

*Exclusive of advances to suppliers and advances to employees

**Exclusive of government payables

The income, expense, gain and/or losses recognized from financial instruments for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Impairment losses on:			
Trade receivables	₱ -	₱ -	₱ -
Inventories	-	-	-
Finance costs (Note 31)	22,527,638	22,286,127	22,037,117
Total	₱ 22,527,638	₱ 22,286,127	₱ 22,037,117
Finance income (Note 10)	₱ 97,766	₱ 34,979	₱ 93,832
Unrealized foreign exchange gain(loss) (Note 30)	(1,581,186)	2,457,748	2,509,039
Realized foreign exchange gain	1,311,756	470,729	449,698
Total	₱ (171,664)	₱ 2,963,456	₱ 3,052,569

NOTE 9 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

9.1 General objectives, policies and processes

The BOD has overall responsibility and authority for the determination of the Group's risk management objectives and policies and designing and operating processes that ensure the effective implementation of such objectives and policies. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

The overall objective of the BOD is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

9.2 Financial risk management objectives and policies

The Group is exposed through its operations to credit risk, liquidity risk and market risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The policies for managing specific risks are summarized below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and commodity price risk. Financial instruments affected by market risk include bank borrowings.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to interest rate risk as the Group's interest rate on bank loans is fixed and pre-determined at the inception of the contract.

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to cash equivalent denominated in a currency different from the Group's functional currency. The principal currency risks to which the Group is exposed involve the U.S. Dollar (US\$), Taiwan Dollars (TW\$), and Hongkong Dollars (HK\$).

The Group is exposed to foreign exchange risk on its foreign currency denominated monetary asset since the effect of foreign currency changes on the consolidated financial statements is material.

iii. Commodity price risk

Commodity price risk is the risk related to the volatility of price of certain commodities. The Group is not exposed to this risk as its operations do not constitute goods which prices are volatile.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to impairment is not significant. The Group has a credit and collection department that is consolidated and independent from the sales department. The Group instituted this consolidated department even though the normal practice in its industry is that the salespeople are also the ones who collect the receivables. The Group deals only with credit worthy counterparty duly approved by the management.

The credit quality of the financial assets that are neither past due or impaired is considered to be good quality and expected to be collectible without incurring any credit losses. Credit losses from balances with banks are managed by ensuring that the Group's deposit arrangements are with reputable and financially sound counterparty.

The following table provides information regarding the maximum credit risk exposure of the Group arising from its financial assets as at December 31 at gross amounts:

	2023	2022
Financial assets at amortized cost		
Cash (Note 10)	₱ 327,271,022	₱ 395,437,450
Trade and other receivables (Note 11) *	646,946,586	561,999,370
Due from related parties (Notes 14 and 32)	114,329,686	124,407,283
Refundable security deposits (Note 19)	330,536	330,536
Financial asset at FVOCI		
Investment in golf share (Note 15)	50,000	50,000
Total	₱ 1,088,927,830	₱ 1,082,224,639

*Exclusive of advances to suppliers and advances to employees

The following table provides information regarding the Group's analysis of the age of financial assets by class as at December 31, 2023 and 2022:

December 31, 2023						
	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		31-60 days	61-90 days	Over 90 days		
Financial assets at amortized cost						
Cash	₱ 327,271,022	₱ -	₱ -	₱ -	₱ -	₱ 327,271,022
Trade and other receivables	320,764,440	94,705,540	102,796,900	112,040,007	16,639,699	646,946,586
Due from related parties	15,501,628	15,788,711	82,783,838	255,509	-	114,329,686
Refundable security deposits	330,536	-	-	-	-	330,536
Financial asset at FVOCI						
Investment in golf share	50,000	-	-	-	-	50,000
Total	₱ 663,917,626	₱ 110,494,251	₱ 185,580,738	₱ 112,295,516	₱ 16,639,699	₱ 1,088,927,830

December 31, 2022						
	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		31-60 days	61-90 days	Over 90 days		
Financial assets at amortized cost						
Cash	₱ 395,437,450	₱ -	₱ -	₱ -	₱ -	₱ 395,437,450
Trade and other receivables	277,119,840	82,642,169	89,702,870	95,894,792	16,639,699	561,999,370
Due from related parties	14,626,720	17,543,012	91,982,042	255,509	-	124,407,283
Refundable security deposits	330,536	-	-	-	-	330,536
Financial asset at FVOCI						
Investment in golf share	50,000	-	-	-	-	50,000
Total	₱ 687,564,546	₱ 100,185,181	₱ 181,684,912	₱ 96,150,301	₱ 16,639,699	₱ 1,082,224,639

There were no other credit enhancements attached to the Group's financial assets aside from assigned trade receivables.

Credit quality per class of financial assets

The Group's bases in grading its financial assets are as follows:

High grade- These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade- These are receivables where collections are probable due to the reputation and the financial ability of the counter party to pay but have been outstanding for a certain period of time.

Substandard grade- These are receivables that can be collected provided the Group makes persistent effort to collect them.

The table shows the credit quality by class of financial assets of the group based on the historical experience with the corresponding parties as at December 31, 2023 and 2022.

December 31, 2023							
	Neither past due nor impaired				Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade	Unrated			
Financial assets at amortized cost							
Cash	₱ 327,271,022	₱ -	₱ -	₱ -	₱ -	₱ -	₱ 327,271,022
Trade and other receivables	-	320,764,440	-	-	309,542,447	16,639,699	646,946,586
Due from related parties	-	15,501,628	-	-	98,828,058	-	114,329,686
Refundable security deposits	330,536	-	-	-	-	-	330,536
Financial asset at FVOCI	-	-	-	-	-	-	-
Investment in golf share	50,000	-	-	-	-	-	50,000
Total	₱ 327,651,558	₱336,266,068	₱ -	₱ -	₱ 408,370,505	₱ 16,639,699	₱1,088,927,830

December 31, 2022							
	Neither past due nor impaired				Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade	Unrated			
Financial assets at amortized cost							
Cash	₱395,437,450	₱ -	₱ -	₱ -	₱ -	₱ -	₱ 395,437,450
Trade and other receivables	-	277,119,840	-	-	268,239,831	16,639,699	561,999,370
Due from related parties	-	14,626,720	-	-	109,780,563	-	124,407,283
Refundable security deposits	330,536	-	-	-	-	-	330,536
Financial asset at FVOCI	-	-	-	-	-	-	-
Investment in golf share	50,000	-	-	-	-	-	50,000
Total	₱395,817,986	₱291,746,560	₱ -	₱ -	₱378,020,394	₱ 16,639,699	₱1,082,224,639

The credit quality of the Group's financial assets is evaluated using internal credit rating. Financial assets are considered high grade if the counterparties are not expected to default in setting their obligations, thus credit risk exposure is minimal. These counterparties include banks, customers with no past due accounts and related parties who pay on or before due date.

The Group has no financial assets whose terms have been renegotiated.

(b) Liquidity risk

This represents the risk or difficulty in raising funds to meet the Group's commitment associated with financial obligation and daily cash flow requirement. The Group is exposed to the possibility that adverse exchanges in business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

The Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Group has credit lines with several of the top banks of the Philippines which gives its financial flexibility in its operations. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing resources.

The following table summarizes the maturity profile of the Group's other financial liabilities as at December 31, 2023 and 2022, respectively, based on the contractual undiscounted payments:

December 31, 2023				
	On demand	Within 1 year	More than 1 year	Total
Other financial liabilities				
Trade and other payables*	₱ 86,075,711	₱ 13,654,316	₱ -	₱ 99,730,027
Due to a related party	147,742,827	-	-	147,742,827
Borrowings	-	986,477,500	-	986,477,500
Lease liability	-	17,523,833	51,143,308	68,667,141
	₱ 233,818,538	₱ 1,004,001,333	₱ 51,143,308	₱ 1,302,617,495

*Exclusive of government payables

December 31, 2022				
	On demand	Within 1 year	More than 1 year	Total
Other financial liabilities				
Trade and other payables*	₱ 80,198,714	₱ 13,138,070	₱ -	₱ 93,336,784
Due to a related party	146,023,035	-	-	146,023,035
Borrowings	-	1,058,507,424	-	1,058,507,424
Lease liability	-	17,655,933	52,893,000	70,548,933
	<u>₱ 226,221,749</u>	<u>₱ 1,089,301,427</u>	<u>₱ 52,893,000</u>	<u>₱ 1,368,416,176</u>

*Exclusive of government payables

Capital risk management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group monitors capital on the basis of the debt-to-equity ratio, which is calculated as total debt less cash then divided by total equity. Total debt is equivalent to total liabilities shown in the consolidated statements of financial position. Total equity comprises all components of equity including share capital and retained earnings.

	2023	2022
Net debt	₱ 1,330,976,291	₱ 1,416,602,859
Equity (capital deficiency)	<u>662,715,661</u>	<u>664,906,493</u>
Net debt to equity ratio	<u>2.01:1</u>	<u>2.13:1</u>

The Group through the Finance function sets operational targets and performance indicator in order to assure that the capital and returns requirement are achieved. Appropriate monitoring and reporting systems accompany these target and indicators to assess the achievement of the Group's goals and institute appropriate action.

No changes were made in the objectives, policies and processes in 2023 and 2022.

The Group has no externally imposed capital requirements.

NOTE 10 - CASH

The account consists of:

Particulars	2023	2022
Cash on hand	₱ 262,613,472	₱ 234,753,503
Cash in banks	<u>64,657,550</u>	<u>160,683,947</u>
Total	<u>₱ 327,271,022</u>	<u>₱ 395,437,450</u>

Cash in banks earn interest based on the banks' average deposit rates. Finance income from cash in banks amounted to ₱97,766, ₱34,979, and ₱93,832 for 2023, 2022 and 2021 respectively.

Included in cash in banks are amounts in a currency other than the Group's functional currency as follows:

	2023	2022	2021
Cash in banks (US dollars)	US\$ <u>18,302,992</u>	US\$ <u>691,660</u>	US\$ <u>527,340</u>

NOTE 11 - TRADE AND OTHER RECEIVABLES, NET

The account consists of:

Particulars	2023	2022
Trade	₱ 663,586,286	₱ 578,639,069
Advances to suppliers	<u>97,983,947</u>	<u>94,551,450</u>
Sub-total	₱ 761,570,233	₱ 673,190,519
Allowance for impairment	<u>(16,639,699)</u>	<u>(16,639,699)</u>
Total	₱ <u>744,930,534</u>	₱ <u>656,550,820</u>

Trade receivables are from customers of the Group and are not interest bearing. Normal credit terms of trade receivables range from 30 to 60 days.

Advances to suppliers represent advance payments made to suppliers for purchase of goods. These are deducted from the purchase price upon receipt of goods.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment loss on trade receivables.

Movements of allowance for impairment loss on trade and other receivables are as follows:

Particulars	2023	2022
At January 1	₱ 16,639,699	₱ 16,639,699
Impairment loss during the year	<u>-</u>	<u>-</u>
At December 31	₱ <u>16,639,699</u>	₱ <u>16,639,699</u>

Management believes that the carrying value of trade and other receivables approximates its fair value due to its short-term nature.

NOTE 12- INVENTORIES, NET

The account consists of:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
At cost			
Octopus	₱ 123,337,325	₱ 172,429,220	₱ 120,764,231
Scallop meat	65,371,599	94,855,334	56,208,102
Black tiger shrimps	35,797,733	17,328,885	-
Cuttlefish	32,124,265	27,540,188	54,133,361
Squid	27,275,620	26,937,951	46,996,674
Abalone	26,573,904	7,585,859	31,414,034
Parrot fish	14,401,096	14,401,096	30,832,994
Canned crabmeat	12,418,238	12,418,238	12,418,239
Kissu fish	10,717,381	12,367,806	21,187,193
Groupers	10,213,808	6,152,801	20,704,662
Giant squid fillet	8,356,942	10,741,701	611,259
Lobster	7,190,208	762,220	8,642,629
Vannamei fish	5,109,403	5,109,403	5,109,403
Leather jacket fish	4,726,204	2,783,039	36,749,390
Crablets	2,671,372	2,671,372	2,671,372
Ribbon fish	607,042	607,042	607,042
Other aquaculture products	<u>30,642,937</u>	<u>33,898,575</u>	<u>17,799,232</u>
Total	₱ 417,535,077	₱ 448,590,730	₱ 466,849,817
Allowance for inventory obsolescence	<u>(4,703,235)</u>	<u>(4,703,235)</u>	<u>(4,703,235)</u>
Net realizable value	₱ <u>412,831,842</u>	₱ <u>443,887,495</u>	₱ <u>462,146,582</u>

Cost of inventories recognized as cost of sales amounted to ₱938,712,347, ₱936,066,296, and ₱918,362,850 in 2023, 2022 and 2021 respectively (see Note 28).

Movement of allowance for inventory obsolescence is as follows:

<u>Particulars</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
At January 1	₱ 4,703,235	₱ 4,703,235	₱ 4,703,235
Impairment loss during the year (Note 30)	-	-	-
Write-off	<u>-</u>	<u>-</u>	<u>-</u>
At December 31	₱ <u>4,703,235</u>	₱ <u>4,703,235</u>	₱ <u>4,703,235</u>

No allowance for inventory impairment was provided in 2023, 2022, and 2021 since aquatic products which did not meet regulatory bodies' standard are reprocessed and/or resold.

NOTE 13- PREPAYMENTS AND OTHER CURRENT ASSETS

The account consists of:

<u>Particulars</u>	<u>2023</u>	<u>2022</u>
Supplies	₱ 46,950,973	₱ 61,296,513
Input VAT	55,342,863	48,018,469
Prepaid insurance	7,914,038	10,709,702
Prepaid tax and other creditable withholding taxes	849,336	797,788
Guaranty deposit	<u>99,979</u>	<u>99,979</u>
Total	₱ 111,157,189	₱ 120,922,451
Less: Allowance for impairment	<u>(722,433)</u>	<u>(722,433)</u>
Net	₱ <u>110,434,756</u>	₱ <u>120,200,018</u>

NOTE 14 – DUE FROM RELATED PARTIES

The account consists of:

Particulars	2023	2022
Advances to MOSC - Vietnam	₱ 82,824,177	₱ 92,901,774
Advances to Philippine 101 Hotel, Inc. (Note 32)	31,250,000	31,250,000
Advances to stockholder (Note 32)	255,509	255,509
Total	<u>114,329,686</u>	<u>124,407,283</u>

The advances are unsecured, non-interest bearing and payable on demand.

On March 22, 2017, the Company's BOD approved the acquisition of 49% of the Philippine 101 Hotel, Inc., a domestic corporation majority owned by Yang Chi Jen. As of December 31, 2021, the parties have yet to complete the acquisition.

NOTE 15 - FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The account consists of:

Particulars	2023	2022
Investment in golf share	₱ 50,000	₱ 50,000

There was no movement of the allowance for impairment loss for the year ended December 31, 2023 and 2022.

The investment in golf share consists of one (1) membership share in Eagle Ridge golf & Country Club Inc. and is classified as financial asset at FVOCI measured at level 1 of the fair value hierarchy in the consolidated statements of financial position (see Note 7). The movement in the account is summarized as follows:

Particulars	2023	2022
At cost	₱ 350,000	₱ 350,000
Accumulated unrealized loss on market value	<u>(300,000)</u>	<u>(300,000)</u>
Total	<u>₱ 50,000</u>	<u>₱ 50,000</u>

There was no movement in the accumulated unrealized loss on market value of investment in golf share as of December 31, 2023 and 2022.

NOTE 16 – INVESTMENT IN ASSOCIATES

The account consists of:

	Ownership	Cost	Equity in net earnings		Cumulative Share in Net Earnings (Loss) to Date	Year –end Total 2023
			Cumulative Balance up to December 31, 2022	Net Loss (Note 24)		
Pacific Seafoods Corporation	47.57%	₱ 38,011,950	₱ 28,390,868	₱ (476,456)	₱ (11,678,724)	₱ 26,333,226

As of December 31, 2022, the account consists of:

				Equity in net earnings							
				Cumulative Balance up to December 31, 2021	Net Loss (Note 24)		Cumulative Share in Net Earnings (Loss) to Date	Year –end Total 2022			
Ownership		Cost									
Pacific Seafoods Corporation	47.57%	₱	39,593,136	₱	26,444,112	₱	(510,992)	₱	(11,202,268)	₱	28,390,868

On May 31, 2017, the Parent Company entered into an agreement acquiring 49% ownership and control of Pacific Seafoods Company Limited (PASECO), a non-stock Vietnamese enterprise primarily engaged in aqua foods and products processing and preservation. The acquisition price is 17.15 Billion Vietnamese Dongs.

As of December 31, 2023 and 2022, the Parent Company's percentage of stock ownership in PASECO is 47.57%.

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT, NET

The details of movements in this account as of December 31, 2023 are as follows:

	Land	Building	Leasehold Improvements	Machineries	Transportation equipment	Furniture and fixtures	Processing equipment	Delivery equipment	Delivery equipment under lease	Storage equipment under lease	Right-of- use asset	Total
Cost												
At December 31, 2022	₱ 146,363,305	₱ 207,091,796	₱ 18,856,853	₱ 166,131,964	₱ 101,709,527	₱ 31,180,357	₱ 43,163,275	₱ 30,569,105	₱ 28,078,697	₱ 142,423,007	₱ 30,128,837	₱ 945,696,723
Additions during the year	3,600,000	2,387,356	1,271,975	12,584,810	4,775,900	901,661	1,028,779	550,000	0	787,540	827,328	28,715,349
Disposal during the year												
Reclassification during the year												
At December 31, 2023	₱ 149,963,305	₱ 209,479,152	₱ 20,128,828	₱ 178,716,774	₱ 106,485,427	₱ 32,082,018	₱ 44,192,054	₱ 31,119,105	₱ 28,078,697	₱ 143,210,547	₱ 30,956,165	₱ 974,412,072
Accumulated depreciation and amortization												
At December 31, 2022	₱ -	₱ 120,490,667	₱ 16,520,276	₱ 163,990,980	₱ 88,038,720	₱ 27,649,450	₱ 33,946,356	₱ 26,644,822	₱ 28,078,697	₱ 136,946,961	₱ 20,864,100	₱ 663,171,029
Depreciation and amortization	-	41,273,683	2,710,349	12,889,582	6,528,453	1,464,488	4,601,039	1,189,835		4,669,274	9,224,459	84,551,162
Disposal during the year	-											
Reclassification during the year	-					-	-	-	-	-	-	-
At December 31, 2023	₱ -	₱ 161,764,350	₱ 19,230,625	₱ 176,880,562	₱ 94,567,173	₱ 29,113,938	₱ 38,547,395	₱ 27,834,657	₱ 28,078,697	₱ 141,616,235	₱ 30,088,559	₱ 747,722,191
Net book values												
December 31, 2022	₱ 146,363,305	₱ 86,601,129	₱ 2,336,577	₱ 2,140,984	₱ 13,670,807	₱ 3,530,907	₱ 9,216,919	₱ 3,924,283	₱ -	₱ 5,476,046	₱ 9,264,737	₱ 282,525,694
December 31, 2023	₱ 149,963,305	₱ 47,714,802	₱ 898,203	₱ 1,836,212	₱ 11,918,254	₱ 2,968,080	₱ 5,644,659	₱ 3,284,448	₱ 0	₱ 1,594,312	₱ 867,606	₱ 226,689,881

The Group’s land with carrying value of ₱149,963,305 and ₱146,363,305, and various transportation equipment with carrying amounts totaling ₱11,918,254, and ₱13,670,807 as at December 31, 2023 and 2022, respectively are subject to a real estate mortgage and chattel mortgage, respectively, and are used as security of interest-bearing loans (see Note 22). The Group has no contractual commitment for the acquisition of property, plant and equipment.

Depreciation and amortization expense for the year ended December 31, 2023 are charged to “Cost of Sales” and “General and administrative expenses” amounting ₱72,081,354 and ₱12,969,551, respectively. (see Notes 28 and 29)

Management has reviewed the carrying values of the Group’s property, plant and equipment as at December 31, 2023 and 2022 for impairment. Based on the results of its evaluation, there were no indications that the property, plant and equipment were impaired.

The details of movements in this account as of December 31, 2022 are as follows:

	Land	Building	Leasehold Improvements	Machineries	Transportation equipment	Furniture and fixtures	Processing equipment	Delivery equipment	Delivery equipment under lease	Storage equipment under lease	Right-of- use asset	Total
Cost												
At December 31, 2021	₱ 146,363,305	₱ 196,023,618	₱ 16,556,853	₱ 155,601,082	₱ 101,709,527	₱ 30,663,357	₱ 34,463,275	₱ 30,569,105	₱ 28,078,697	₱ 118,991,185	₱ 30,128,837	₱ 889,148,841
Additions during the year	-	11,068,178	2,300,000	12,983,001	-	517,000	8,700,000	-	-	23,431,822	-	59,000,001
Disposal during the year	-	-	-	(2,452,119)	-	-	-	-	-	-	-	(2,452,119)
Reclassification during the year	-	-	-	-	-	-	-	-	-	-	-	-
At December 31, 2022	₱ 146,363,305	₱ 207,091,796	₱ 18,856,853	₱ 166,131,964	₱ 101,709,527	₱ 31,180,357	₱ 43,163,275	₱ 30,569,105	₱ 28,078,697	₱ 142,423,007	₱ 30,128,837	₱ 945,696,723
Accumulated depreciation and amortization												
At December 31, 2021	₱ -	₱ 84,674,188	₱ 13,901,399	₱ 141,941,085	₱ 79,252,364	₱ 25,223,230	₱ 26,758,950	₱ 17,993,085	₱ 23,636,046	₱ 118,712,123	₱ 14,911,879	₱ 547,004,349
Depreciation and amortization	-	35,816,479	2,618,877	23,624,387	8,786,356	2,426,220	7,187,406	8,651,737	4,442,651	18,234,838	5,952,221	117,741,172
Disposal during the year	-	-	-	(1,574,492)	-	-	-	-	-	-	-	(1,574,492)
Reclassification during the year	-	-	-	-	-	-	-	-	-	-	-	-
At December 31, 2022	₱ -	₱ 120,490,667	₱ 16,520,276	₱ 163,990,980	₱ 88,038,720	₱ 27,649,450	₱ 33,946,356	₱ 26,644,822	₱ 28,078,697	₱ 136,946,961	₱ 20,864,100	₱ 663,171,029
Net book values												
December 31, 2021	₱ 146,363,305	₱ 111,349,430	₱ 2,655,454	₱ 13,659,997	₱ 22,457,163	₱ 5,440,127	₱ 7,704,325	₱ 12,576,020	₱ 4,442,651	₱ 279,062	₱ 15,216,958	₱ 342,144,492
December 31, 2022	₱ 146,363,305	₱ 86,601,129	₱ 2,336,577	₱ 2,140,984	₱ 13,670,807	₱ 3,530,907	₱ 9,216,919	₱ 3,924,283	₱ -	₱ 5,476,046	₱ 9,264,737	₱ 282,525,694

Depreciation and amortization expense for the year ended December 31, 2022 are charged to “Cost of Sales” and “General and administrative expenses” amounting ₱105,141,862 and ₱12,599,310, respectively. (see Notes 28 and 29)

Depreciation expense for the years ended December 31, 2022, 2021 and 2020 recognized in the consolidated financial statements of the Group were ₱73,138,269 and ₱69,513,713.

NOTE 18 - GOODWILL

The Group's goodwill pertains to the acquisition of MOSC on January 10, 2014. The account balance amounted to ₱14,521,202 in both years 2023 and 2022.

The recoverable amount has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by the management covering five-year period.

Based on management's assessment, the carrying value of goodwill is not impaired, thus, no impairment loss was recognized for the years ended December 31, 2023, and 2022.

NOTE 19 - OTHER NON-CURRENT ASSETS

The account consists of refundable security deposits related to the lease of plants located in Navotas, Parañaque, Cebu, etc. As of December 31, 2023 and 2022, the refundable security deposits of the Group both amounted to ₱330,536.

NOTE 20 – TRADE AND OTHER PAYABLES

The account consists of:

Particulars	2023	2022
Trade payables	₱ 92,751,625	₱ 85,278,612
Accrued expenses	6,978,403	8,058,172
Government payables	1,058,965	3,995,447
Income tax	760,836	430,659
Total	₱ 101,549,829	₱ 97,762,890

Trade payables from suppliers of marine products are non-interest bearing and with normal credit terms are 30 to 60 days.

Accrued expenses include unbilled expenses which are normally settled within one (1) year.

Government liabilities include withholding taxes, Social Security System (SSS) premiums and other liabilities to the government which are normally settled within 30 days.

NOTE 21 – DUE TO RELATED PARTIES

The account pertains to advances made to stockholders amounting to ₱147,742,827, and ₱146,023,035 for the years ended December 31, 2023 and 2022, respectively (Note 32). The advances' nature is unsecured, non-interest bearing and payable on demand.

NOTE 22 – BORROWINGS

Loan agreements with local banks

These loans were obtained to augment the Group's funding for its operations. The details of and movements in the account are as follows:

Lending Institution	Interest Rate	Terms	Security	At December 31, 2023
Current liabilities:				
Bank of the Philippine Islands	4.60%-5.75%	Renewable every 180 days	Real estate mortgage/Deed of assignment of trade receivables	₱ 294,785,000
Landbank	6.00%-6.75%	Renewable every 180 days	Deed of assignment of trade receivables	134,032,500
Security Bank	5.75%-7.00%	Renewable every 120 days	Real estate mortgage/Deed of assignment of trade receivables	334,660,000
ChinaBank	6.25%-7.25%	Renewable every 180 days	Real estate mortgage/Deed of assignment of trade receivables	70,000,000
Banco de Oro	6.50%-6.75%	Renewable every 90 days	Real estate mortgage/Deed of assignment of trade receivables	115,000,000
Country Builders Bank	0.50%	Renewable every 360 days	Real estate mortgage/Deed of assignment of trade receivables	20,000,000
Total				₱ 968,477,500
Lending Institution	Interest Rate	Terms	Security	At December 31, 2022
Current liabilities:				
Bank of the Philippine Islands	4.60%-5.75%	Renewable every 180 days	Real estate mortgage/Deed of assignment of trade receivables	₱ 309,418,080
Landbank	6.00%-6.75%	Renewable every 180 days	Deed of assignment of trade receivables	165,158,744
Security Bank	5.75%-7.00%	Renewable every 120 days	Real estate mortgage/Deed of assignment of trade receivables	383,930,600
ChinaBank	6.25%-7.25%	Renewable every 180 days	Real estate mortgage/Deed of assignment of trade receivables	130,000,000
Banco de Oro	6.50%-6.75%	Renewable every 90 days	Real estate mortgage/Deed of assignment of trade receivables	70,000,000
Grand total				₱ 1,058,507,424

At the date of business combination, the Group recognized in its consolidated financial statements the carrying amounts of borrowings in the books of MOSC. The carrying amounts of the borrowings approximate their respective fair values at the date of business combination.

- Bank of the Philippine Islands

Existing Real Estate Mortgage over TCT# T-1000160, T-1036760 and T-1045092 located at Lots 4, 5 & 6, Blk 4 First Citiland Ind'l Complex, Dasmariñas, Cavite City registered under the Company with deed of assignment of trade receivables. The terms of promissory note are to not to exceed 180 days.

- Land Bank

Existing Real Estate Mortgage executed by MOSC under TCT# 083-2012001120 with a total area of 2,539 square meters located in Brgy. Fabrica, Municipality of Bulan. Province of Sorsogon and registered under the name of the Company.

- Security Bank Corporation

Line shall be secured by the Continuing Suretyship of Mr. Yang Chi Jen a.k.a Michael Yang and secured by a Registered Real Estate Mortgage (REM) for ₱30M and another REM for ₱170M over a parcel of Land located on Pildera St., Brgy. Tambo, Paranaque City covered by TCT No. 182032 registered under the name of Millennium Ocean Star Corporation.

- Chinabank

The line shall be effective up to March 31, 2017. Surety Agreement for ₱30M executed by Yang Chi Jen on April 3, 2014 shall remain in full force and effect. (T-1227236 / T-1165407 - Block 1 Lot 22 and 23 Dasmariñas, Cavite and TCT#118-2013000195 – Catbalogan)

- Banco de Oro

Existing Real Estate Mortgage executed by the Company under TCT# T-98,512, T-98,513, T-98,514, T-122,257, T-122,258, T-122,292, T-123,195, T-123,198, T-123,383 Located at Guiwan, Zamboanga and CCT#164-2015008998 the East Tower of One Serendra registered in the name of Yang Chi Jen.

- Maybank

Secured by a parcel of Land with improvement covered by TCT# T-119,100 located along Talon Talon Road, Brgy. Mampang, Zamboanga City, registered in the name of Shieie Corporation with an area of 8,607 sqm.

- UCPB

Real Estate Mortgage over land and all improvements thereon covered by Transfer Certificates of Title with deed of assignment of trade receivables. This term is up to 180 days. (TCT#083-2012001120 – Bulan, Sorsogon)

In 2018, BPI Family Savings Bank and Security Bank granted loans amounting to ₱235,944 and ₱2,990,973, respectively, to the Company. The loans are fully secured by a chattel mortgage and was settled in 2021.

Finance costs arising from these loans amounted to ₱15,532,926.00, ₱15,094,230, and ₱14,622,998 for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 31).

There were no breaches of loan agreement terms such as any defaults of principal and interest of these loans payable during the period.

NOTE 23 – LEASE LIABILITY

The account consists of:

Particulars	2023	2022
Lease liability, current	₱ 17,523,833	₱ 17,655,933
Lease liability, non-current	51,143,308	52,893,000
Total	₱ 68,667,141	₱ 70,548,933

Finance cost attributable to the lease liability as of December 31 amounted to ₱6,994,712, and ₱7,191,897 in 2023 and 2022 (Note 31).

NOTE 24 – DEPOSIT FOR FUTURE SHARE SUBSCRIPTION
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On December 18, 2020, the stockholders of the Parent Company approved the increase of the authorized capital stock up to an amount to be determined by the Board, not exceeding P10 Billion, and subscription to at least 25% thereof by the Company's Chairman/President and CEO, Yang Chi Jen, at ₱0.20 per share.

On March 18, 2021, the members of the Board of Directors approved the additional increase of the authorized capital stock of the Corporation from ₱250 Million to ₱750 Million, divided into 5,000,000,000 common shares at par value of ₱0.10/share.

The transaction pertains to private placement through an increase in authorized capital stock subject to and effective upon the approval of the Securities and Exchange Commission. The 5,000,000,000 common shares shall be subscribed by Yang Chi Jen (Michael Yang) with subscription price per share of ₱0.20 and total subscription amount of ₱1,000,000,000.

The proceeds of the transaction shall be invested by the Parent Company in its subsidiary, Millennium Ocean Star Corporation (MOSC), for the purpose of supporting its operations and expanding its production lines for fish and meat canning, meat and seafoods processing, and sauces.

The aggregate value of the consideration is P1 Billion. Total initial payment is at least 25% or equivalent to P250 Million, payable prior to the filing of the application before the Securities and Exchange Commission. The balance is payable in 5 years, unless sooner settled or a capital call is made.

On September 30, 2022, the Board of Directors, however, amended the timeline to proceed with the application for increase of the authorized capital stock of the Corporation, such that the same shall proceed only after the approval of the additional listing of the remaining unlisted shares of the Corporation and service of the lock-up period, as may be applicable.

Deposit for future stock subscription represents payments made on subscription of shares which cannot be directly credited to 'Capital Stock' pending application for the approval of the proposed increase presented for filing /filed with the SEC and registration of the amendment to the Articles of Incorporation increasing capital stock.

In addition, deposit for future stock subscription shall be classified under equity if all of the following elements are present as at reporting date:

- a. The unissued authorized capital of the entity is insufficient to cover the amount of shares indicated in the contract;
- b. There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- c. There is stockholders' approval of said proposed increase; and
- d. The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission.

The deposit for future share subscription is recognized as a noncurrent liability in the consolidated statements of financial position since not all of the foregoing elements are present.

The deposit for future share subscription is recognized as equity in the statements of consolidated financial position since all the foregoing elements are present as of December 31, 2022.

As of December 31, 2023, and 2022, deposit for future share subscription both amounted to ₱287,636,935.

NOTE 25 – SHARE CAPITAL

Details of the Parent Company's share capital are as follows:

	2023		2022	
	Number of Shares	Amount	Number of Shares	Amount
Authorized shares at ₱0.1 par value per share	₱ 2,500,000,000	₱ 250,000,000	₱ 2,500,000,000	₱ 250,000,000
Outstanding shares:				
Issued but not yet paid	₱ -	₱ -	₱ -	₱ -
Issued and fully paid	2,500,000,000	250,000,000	2,500,000,000	250,000,000
Issued share capital	₱ 2,500,000,000	₱ 250,000,000	₱ 2,500,000,000	₱ 250,000,000
Treasury shares	(130,315,381)	(13,031,538)	(130,315,381)	(13,031,538)
Outstanding share capital, net	₱ 2,369,684,619	₱ 236,968,462	₱ 2,369,684,619	₱ 236,968,462

Movements of the Parent Company's outstanding shares issued and fully paid are as follows:

Particulars	2023	2022
At January 1	₱ 250,000,000	₱ 250,000,000
Issuance during the year	-	-
Treasury shares (Note 40)	(13,031,538)	-
Return of capital	-	(13,031,538)
Total	₱ 236,968,462	₱ 236,968,462

There were no issuances of shares during 2023 and 2022.

Additional increase in authorized capital stock

On March 18, 2021, the members of the Board of Directors of the Parent Company approved the initial increase of the authorized capital stock of the Company from P250 Million to P750 Million, divided into 5,000,000,000 common shares at par value of P0.10/share.

On September 30, 2022, the Board of Directors, however, amended the timeline to proceed with the application for increase of the authorized capital stock of the Parent Company, such that the same shall proceed only after the approval of the additional listing of the remaining unlisted shares of the Parent Company and service of the lock-up period, as may be applicable.

Return of capital

On September 30, 2022, the members of the Board of Directors approved the rescission of subscription of various stockholders with total shares of 130,315,381 and total par value of ₱13,031,538, for failure of the said stockholders to provide the requirements and assistance needed within a considerable period since the transaction.

NOTE 26 – ADDITIONAL PAID-IN CAPITAL

The movements of additional paid-in capital are as follows:

Particulars	2023	2022
At January 1	₱ 36,578,500	₱ 36,578,500
Share premium on common shares issued during the year (Note 15)		
Gross proceeds	-	-
Par value of issued shares	-	-
At December 31	₱ <u>36,578,500</u>	₱ <u>36,578,500</u>

Additional paid-in capital arises when the amount subscribed is in excess of nominal values.

NOTE 27 - REVENUES

The account consists of:

Particulars	2023	2022	2021
Export sales	₱ 819,635,540	₱ 830,195,637	₱ 922,307,825
Local sales	<u>182,241,419</u>	<u>169,124,055</u>	<u>58,814,526</u>
Total	₱ <u>1,001,876,959</u>	₱ <u>999,319,692</u>	₱ <u>981,122,351</u>

The export sales consist of:

Particulars	2023	2022	2021
Squid products	₱ 196,007,504	₱ 141,682,884	₱ 198,900,202
Abalone/tokobushi	170,212,456	123,542,275	4,496,141
Cuttlefish products	157,067,259	121,781,896	118,822,982
Octopus	113,186,155	157,205,928	162,386,717
Scallops meat	99,925,493	155,226,116	228,181,301
Black tiger shrimp	50,601,914	41,434,170	101,060,150
Lobster	8,744,442	9,916,966	13,177,780
Giant squid fillet	7,670,018	9,826,607	14,083,303
Groupers (red)	1,702,336	1,214,788	8,681,461
Kissu fillet	1,356,656	191,453	15,849,835
Leather jacket fish	-	11,350,336	48,851,735
Parrot fish	-	443,627	501,662
Export of canned crab meat	-	-	6,186,832
Other aquaculture products	<u>13,161,307</u>	<u>56,378,591</u>	<u>1,127,724</u>
Total	₱ <u>819,635,540</u>	₱ <u>830,195,637</u>	₱ <u>922,307,825</u>

The Group exports its products to various countries such as USA, Taiwan, Hongkong and Japan.

NOTE 28 – COST OF SALES

The account consists of:

Particulars	2023	2022	2021
Inventories, beginning	₱ 443,887,495	₱ 462,146,581	₱ 487,745,362
Net purchases of goods	739,035,469	719,404,465	699,696,806
Overheads	168,621,226	198,402,745	192,967,619
Cost of goods available for sale	1,351,544,190	1,379,953,791	1,380,409,787
Inventories, ending (Note 12)	(412,831,843)	(443,887,495)	(462,146,582)
Cost of sales	₱ 938,712,347	₱ 936,066,296	₱ 918,362,850
Details of overheads are as follows:			
Depreciation and amortization (Note 17)	₱ 72,081,354	₱ 105,141,862	₱ 65,842,435
Communication, light and water	50,362,032	37,894,924	18,129,588
Freight and handling	12,472,977	26,228,843	68,737,747
Direct labor	9,370,004	11,312,611	18,060,157
Indirect labor	9,059,011	7,715,883	13,791,740
Packaging	6,830,712	5,952,084	4,689,222
Repairs and maintenance	5,093,015	3,968,055	3,632,901
Rental (Note 35)	3,179,999	188,483	83,829
Others	172,122	-	-
Total	₱ 168,621,226	₱ 198,402,745	₱ 192,967,619

The Group purchases its products through its buying stations strategically located all over the Philippines.

NOTE 29 – GENERAL AND ADMINISTRATIVE EXPENSES

The account consists of:

Particulars	2023	2022	2021
Depreciation and amortization (Note 17)	₱ 12,969,551	₱ 12,599,310	₱ 8,255,456
Taxes and licenses	7,741,981	12,278,634	14,797,567
Rental (Note 35)	5,232,005	6,530,542	2,073,689
Salaries, wages and benefits	4,334,268	4,178,786	8,440,160
Repairs and maintenance	2,198,506	1,406,019	1,404,372
Professional fees	2,113,920	1,347,077	2,225,218
Communication, light and water	2,024,156	1,559,576	1,331,527
Shipping costs	1,816,730	727,393	1,118,998
Fuel and oil	890,389	569,928	1,130,124
Retirement benefits	778,417	505,221	1,572,822
Office supplies	681,978	608,816	549,727
Insurance	658,108	150,785	764,520
Transportation and travel	472,421	377,811	395,871
Representation	344,407	409,899	661,591
Membership dues	278,941	252,520	250,250
Marketing	275,754	4,852	413,417
Filing fees and other charges	232,453	-	-
Training and seminars	47,760	35,760	40,546
Documentary stamp tax	15,088	875,615	13,875
Fines, penalties, and other charges	2,000	444,569	459,350
Separation pay	-	-	523,320
Others	57,086	112,939	655,469
	₱ 43,165,919	₱ 44,976,052	₱ 47,077,869

NOTE 30 – OTHER INCOME(LOSS), NET

The account consists of:

Particulars	2023	2022	2021
Rental income (Note 35)	₱ 1,558,820	₱ 1,927,638	₱ 1,841,515
Unrealized foreign exchange gain	(1,581,186)	2,457,748	2,509,039
Realized foreign exchange gain	<u>1,311,756</u>	<u>470,729</u>	<u>449,698</u>
Total	₱ <u>1,289,390</u>	₱ <u>4,856,115</u>	₱ <u>4,800,252</u>

NOTE 31 – FINANCE COSTS

The account consists of:

Particulars	2023	2022	2021
Interest costs from:			
Borrowing (Note 22)	₱ 15,532,926	₱ 15,094,230	₱ 14,622,998
Finance lease (Note 35)	<u>6,994,712</u>	<u>7,191,897</u>	<u>7,414,119</u>
Total	₱ <u>22,527,638</u>	₱ <u>22,286,127</u>	₱ <u>22,037,117</u>

NOTE 32 – RELATED PARTY TRANSACTIONS

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 relationships also exist between and/or among entities which are under the common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or its shareholders.

The details of the Group's related parties are summarized as follows:

Name of the related party	Relationship	Nature of transaction	Country of incorporation
Millenium Ocean Star Corporation (MOSC)	Affiliate	Advances	Philippines
Philippine 101 Hotel, Inc.	Affiliate	Advances	Philippines
Camsur Canning	Affiliate	Advances	Philippines
Individuals	Key management personnel / shareholders	Advances	-

a. Outstanding balances

The following transactions have been entered into with related parties as of December 31, 2023:

Related Party	Relationship	Nature of Transaction	Transactions	Outstanding Balance	Nature, terms and Conditions	Nature of Consideration
<u>Receivables</u>						
Stockholders (Note 14)	Affiliate	Advances	₱ -	₱ 31,250,000	Unsecured, noninterest-bearing On demand; unsecured non-interest bearing Unsecured, noninterest-bearing advances	Cash Consideration
Stockholder (Note 14)	Affiliate	Advances	-	255,509		Cash Consideration
MOSC Vietnam (Note 14)	Affiliate	Advances	(10,077,597)	82,824,177		Cash Settlement
Total			₱ (10,077,597)	₱ 114,329,686		
<u>Payables</u>						
Individuals (Note 21)	Shareholders	Advances	1,719,792	147,742,827	Unsecured, noninterest-bearing advances	Cash Settlement
Total			₱ 1,719,792	₱ 147,742,827		

The following transactions have been entered into with related parties as of December 31, 2022:

Related Party	Relationship	Nature of Transaction	Transactions	Outstanding Balance	Nature, terms and Conditions	Nature of Consideration
<u>Receivables</u>						
Stockholders (Note 14)	Affiliate	Advances	₱ -	₱ 31,250,000	Unsecured, noninterest-bearing On demand; unsecured non-interest bearing Unsecured, noninterest-bearing advances	Cash Consideration
Stockholder (Note 14)	Affiliate	Advances	-	255,509		Cash Consideration
MOSC Vietnam (Note 14)	Affiliate	Advances	1,157,374	92,901,774		Cash Settlement
Total			₱ 1,157,374	₱ 124,407,283		
<u>Payables</u>						
Individuals (Note 21)	Shareholders	Advances	11,333,029	146,023,035	Unsecured, noninterest-bearing advances	Cash Settlement
Total			₱ 11,333,029	₱ 146,023,035		

b. Transactions

Significant transactions with related parties for the years ended December 31, 2023, 2022 and 2021 are as follows:

Particulars	Rental (Note 29)		
	2023	2022	2021
<i>Affiliate</i>			
MOSC	₱ 120,000	₱ 73,151	₱ 107,143

c) Key management personnel compensation

Salaries and other short-term benefits of key management personnel amounted to ₱5,589,694, ₱5,158,877, and ₱5,064,958 for the years ended December 31, 2023, 2022 and 2021, respectively. These are included in “direct labor” and “salaries, wages and benefits” account under “cost of sales” and “operating expenses” in the consolidated statements of income, respectively.

NOTE 33 – RETIREMENT BENEFITS

The Group has a non-contributory, defined benefit plan covering all its officers and regular employees. Retirement benefits expense recognized in the consolidated statement of gain (loss) is computed based on provision of PAS 19R. The principal actuarial assumptions used to determine the funding of the trust fund is accrued benefit actuarial cost method which takes into the account the factors of interest, mortality, disability, and salary projection rates.

The amounts recognized in the consolidated statements of financial position are as follows:

Particulars	2023	2022
Present value of the obligation	₱ <u>44,538,994</u>	₱ <u>43,760,577</u>

The retirement benefits expense recognized in the consolidated statements of income as follows:

Particulars	2023	2022	2021
Current service cost (Note 29)	₱ <u>245,133</u>	₱ 233,906	₱ 728,181
Interest cost (Note 29)	<u>533,284</u>	<u>271,315</u>	<u>844,641</u>
Total	₱ <u>778,417</u>	₱ <u>505,221</u>	₱ <u>1,572,822</u>

a. Reconciliation of defined benefit obligation

The movement in the defined benefit obligation is as follows:

Particulars	2023	2022	2021
Present value of obligation at January 1	₱ <u>43,760,577</u>	₱ <u>43,365,936</u>	₱ <u>46,876,712</u>
Fair value at date of business combination			
Current service cost	₱ <u>245,133</u>	₱ 233,906	₱ 728,180
Interest cost	<u>533,284</u>	<u>271,315</u>	<u>844,641</u>
	₱ <u>778,417</u>	₱ <u>505,221</u>	₱ <u>1,572,821</u>
Benefits paid directly from book reserve	-	(110,580)	(5,083,597)
Remeasurements in OCI:			
Effect of changes in financial assumptions	-	-	-
Effect of experience adjustments	-	-	-
	₱ <u>-</u>	₱ <u>-</u>	₱ <u>-</u>
Present value of obligation at December 31	₱ <u>44,538,994</u>	₱ <u>43,760,577</u>	₱ <u>43,365,936</u>

b. Remeasurements in OCI

Remeasurements in OCI represent actuarial gains and losses presented at net of related deferred tax as shown below:

Particulars	2023	2022	2021
At January 1	₱ <u>7,455,587</u>	₱ 7,455,587	₱ 7,455,587
Fair value at date of business combination	-	-	-
Remeasurements in OCI, net of deferred tax	<u>-</u>	<u>-</u>	<u>-</u>
At December 31	₱ <u>7,455,587</u>	₱ <u>7,455,587</u>	₱ <u>7,455,587</u>

c. Actuarial assumptions

Particulars	2023	2022	2021
Actuarial gain recognized	₱ -	₱ -	₱ -
Deferred tax	-	-	-
Actuarial gain recognized, net	₱ -	₱ -	₱ -
Non-controlling interest	-	-	-
Attributable to owners of the Parent Company (51%)	₱ -	₱ -	₱ -

The significant actuarial assumptions were as follows:

	2023	2022	2021
Discount rate	4.80%	4.80%	4.80%
Salary projection rate	10%	10%	10%

Sensitivity analysis

The sensitivity analysis below has been determined based on a reasonably possible change of each significant assumption on the defined benefit obligation as at the December 31, 2020, 2019 and 2018 with all other variables held constant:

	Reasonably possible change	2023	2021	2020
Discount rate	+100 bps*	₱ (4,751,750)	₱ (4,751,750)	₱ (4,751,750)
	-100 bps*	5,893,767	5,893,767	5,893,767
Salary increase rate	+100 bps*	5,214,207	5,214,207	5,214,207
	-100 bps*	(4,355,315)	(4,355,315)	(4,355,315)

*100bps is equivalent to 1%

The defined benefit obligation is calculated using the discount rate set with reference to government bonds.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit liability recognized in the consolidated statements of the financial position.

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

d. Maturity analysis

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022	2021
Less than 1 year	₱ 1,160,286	₱ 1,160,286	₱ 1,160,286
Between 1 to 5 years	1,281,513	1,281,513	1,281,513
Between 5 to 10 years	8,783,495	8,783,495	8,783,495

NOTE 34 – INCOME TAXES

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery or Tax incentives for Enterprises Act” (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity’s office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023; and
3. The imposition of improperly accumulated earnings is repealed.

a. The components of the Group’s provision for income tax are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current	₱ 681,736	₱ 656,518	₱ 409,187
Deferred	<u>(109,147)</u>	<u>628,318</u>	<u>(71,799)</u>
	<u>₱ 572,589</u>	<u>₱ 1,284,836</u>	<u>₱ 337,388</u>

The reconciliation of the provision from income tax computed at the statutory tax rates to the provision for income tax reported in the consolidated statements of comprehensive income as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income (loss) before tax	₱ (1,618,244)	₱ 371,319	₱ (1,807,258)
Tax expense computed at statutory tax rate	681,736	656,518	409,187
Deductible temporary differences and carry forward benefits and excess MCIT for which no deferred income tax assets were recognized	(109,147)	628,318	(71,799)
Nondeductible expenses			
Income subject to final tax	<u>-</u>	<u>-</u>	<u>-</u>
Total	₱ <u>572,589</u>	₱ <u>1,284,836</u>	₱ <u>337,388</u>

The components of deferred tax assets as at December 31, 2023, 2022, and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
At January 1	₱ 15,207,986	₱ 15,880,184	₱ 15,808,385
Tax effect of leases under PFRS 16	652,132	(43,879)	22,486
NOLCO	109,147	(628,319)	708,075
Tax effect of change in income tax rate	<u>-</u>	<u>-</u>	<u>(658,762)</u>
At December 31	₱ <u>15,969,265</u>	₱ <u>15,207,986</u>	₱ <u>15,880,184</u>

The Group did not recognize deferred tax assets on the following deductible temporary differences and carry forward benefits of NOLCO since management believes that it is more likely than the Group will not be able to realize their benefits in the future or prior to their expiration.

The movement of deferred tax asset recognized for the year 2023 is as follows:

Particulars	Tax Base		Beginning Balance	Tax Effect	
	Movement	Tax Rate		Movement	Ending Balance
Accrued retirement liability	₱	20%	₱ 257,051	₱	₱ 257,051
Allowance for doubtful accounts		20%	11,966,518		11,966,518
Allowance for inventory obsolescence		25%	1,175,809		1,175,809
Allowance for impairment loss		25%	144,487		144,487
NOLCO 2020		25%	898,220		898,220
NOLCO 2021		20%	708,075		708,075
NOLCO 2022		20%	86,102		86,102
NOLCO 2023	545,737	20%	-	109,147	109,147
Tax effect of leases under PFRS 16	2,608,528	25%	(28,276)	652,132	623,856
Total	₱ 3,154,265		₱ 15,207,986	₱ 761,279	₱ 15,969,265

As at December 31, 2022 the Group's NOLCO that can be claimed as deduction from future taxable income and income tax payable, respectively, are as follows:

NOLCO

Year incurred	Amount	Expired	Applied	Ending balance	Expiry
2020	₱ 6,110,305	₱	₱	₱	2025
2021	8,003,486				2026
2022	430,518				2027
2023	545,737				2028
	₱ 15,090,046	₱	₱	₱	

Revenue Regulation (RR) no. 25-2020

On September 30, 2020, The Bureau of Internal Revenue (BIR) releases Revenue Regulations (RR) No. 25-2020, pursuant to the provisions of Section 244 of the National Internal Revenue Code (NIRC) as amended, implementing the Section 4(bbbb) of Republic Act (R.A.) No. 11494, otherwise known as "Bayanihan to Recover as One Act", which stated that notwithstanding the provision of existing laws to the contrary, the net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss; Provided, That this subsection shall remain in effect even after the expiration of this Act.

NOTE 35 – LEASE AGREEMENTS

The Group as a lessor

The rent income recognized for the years ended December 31, 2023, 2022 and 2021 amounted to ₱1,558,820.00, ₱1,927,638, and ₱1,841,515 respectively (see Note 30).

The Group as a lessee

The Group has entered into various cancellable lease agreements with different individuals for the lease of plants located in Navotas, Paranaque, Cebu, etc. The lease agreements are renewable every year where terms and conditions are subject to the agreement of both parties.

Under PFRS 16, A lessee may elect not to apply the requirements of this standard to:

- (a) short-term leases; and
- (b) leases for which the underlying asset is of low value

The Group elected not to apply PFRS 16 requirements for the aforementioned lease contract. Related rent expense incurred amounted to ₱5,232,005, ₱6,826,168, and ₱1,885,583 for years 2023, 2022 and 2021, respectively.

As of 2023, the Group has entered into the following renewable lease agreements:

<u>Location</u>	<u>Term</u>	<u>Consummation Date</u>
Bantayan	2 years	October 2021
Bulan, Sorsogon	10 years	April 2021
Estancia, Ilo-ilo	10 years	September 2028
Pasay City	3 years	June 2022
Navotas City	20 years	June 2028
Zamboanga-ALED	4 years	January 2023
Zamboanga-Shiejie	5 years	February 2020

Following the adoption of PFRS 16, the Group recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

For leases previously classified as finance lease, the carrying amount of the right-of-use-asset and the lease liability were determined at the carrying amount of the lease asset and lease liability under PAS 17 immediately before recognition on January 1, 2019.

The Group has various finance lease agreements with local banks for the lease of transportation and plant equipment. Lease term ranges from 36 to 60 months, subject to renewal. It carries with it guaranty deposit equivalent to the purchase price should the Company opts to acquire the equipment at the end of the lease term.

As of December 31, 2023, the Group's right-of-use asset, net of accumulated depreciation, and lease liability amounted to ₱867,606 and ₱68,667,141, respectively.

Consequently, the Group recognized depreciation expense and interest expense as reduction to the carrying amount of the asset and lease liability amounting to ₱9,224,459, and ₱6,994,712, respectively.

Finance costs arising from these lease agreements amounted to ₱6,994,712, ₱7,191,897, and ₱7,414,119 in December 31, 2023, 2022, and 2021, respectively (see Note 31).

Total rent expense charged to operations for the years ended December 31, 2023, 2022 and 2021 amounted to ₱8,412,004, ₱6,719,025, and ₱2,157,5183 respectively (see Note 28 and 29).

The refundable security deposit attached to the lease agreement for the rental of the plants amounted to both ₱330,536 as at December 31, 2023 and 2022.

There were no restrictions imposed by these lease agreements nor contingent rent recognized for the years ended December 31, 2023 and 2022.

NOTE 36 – EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share amounts are calculated by dividing the income (loss) for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

The financial information pertinent to the derivation of the basic earnings (loss) per share for the years ended December 31, 2023, 2022, and 2021, are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income (loss) attributable to equity holders of the Parent Company	₱ (3,153,291)	₱ (898,831)	₱ (797,520)
Weighted average number of shares outstanding used for computation of basic earnings (loss) per share (a)	2,369,684,619	2,467,421,155	2,500,000,000
Weighted average number of shares outstanding used for computation of diluted earnings (loss) per share (b)	<u>2,369,684,619</u>	<u>2,467,421,155</u>	<u>2,500,000,000</u>
Basic earnings (loss) per share	₱ <u>(0.000133)</u>	₱ <u>(0.00036)</u>	₱ <u>(0.00032)</u>
Diluted earnings (loss) per share	₱ <u>(0.000133)</u>	₱ <u>(0.00036)</u>	₱ <u>(0.00032)</u>

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding for the years ended December 31, 2023, 2022 and 2021.

For the purpose of computing the diluted earnings (loss) per share, the effect of dilutive potential ordinary shares for the years ended December 31, 2023, 2022 and 2021 is added to the weighted average number of shares outstanding during the year. There are no dilutive potential ordinary shares for the years 2023, 2022 and 2021.

The reconciliation of the average number of shares outstanding in 2023, 2022 and 2021 is as follows:

(a) Average number of shares outstanding used for the computation of basic earnings (loss) per share

	Issuances during the year			Number of shares outstanding			Weighted average number of shares		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
January 1	-	-	-	2,369,684,619	2,500,000,000	2,500,000,000	2,369,684,619	2,500,000,000	2,500,000,000
September 30	-	-	-	2,369,684,619	2,369,684,619	2,500,000,000	2,369,684,619	2,467,421,155	2,500,000,000
	-	-	-	2,369,684,619	2,369,684,619	2,500,000,000	2,369,684,619	2,467,421,155	2,500,000,000

(b) Average number of shares outstanding used for the computation of diluted earnings (loss) per share

	Issuances during the year			Number of shares outstanding			Weighted average number of shares		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
January 1	-	-	-	2,369,684,619	2,500,000,000	2,500,000,000	2,369,684,619	2,500,000,000	2,500,000,000
September 30	-	-	-	2,369,684,619	2,369,684,619	2,500,000,000	2,369,684,619	2,467,421,155	2,500,000,000
	-	-	-	2,369,684,619	2,369,684,619	2,500,000,000	2,369,684,619	2,467,421,155	2,500,000,000

NOTE 37 – OPERATING SEGMENTS

The CEO is the Group's CODM. Management has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions.

The CEO considers the business based on the differences in the Group's product and services. Management considers the performance based on the two revenue-generating activities by the Group: the exporting and holding operations.

The reportable operating segments of exporting operations derive its revenue primarily from the export sale of aquatic and marine products. The revenue of the reportable segments arises solely external customers outside the Philippines jurisdiction.

The operating segments are organized and managed separately according to the different products, with each segment representing a strategic business unit that offers products sold through wholesale or retail or services rendered in farming operations. These divisions are the basis on which the Group reports its primary segment information. All operating business segments used by the Group meet the definition of a reportable segment under PFRS 8, Operating Segments.

The CEO assesses the performance of the operating segments based on a measure of Earnings Before Interests, Taxes and depreciation and Amortization (EBITDA). This measurement basis excludes the effects of non-recurring expenditure from the operating segments and common operating expenses. Interest expense is not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of receivables. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

Segment transactions

Segment sales, expenses and performance include sales and cost of sales. Intercompany balances and transactions between segments, if any, are eliminated during the preparation of the consolidated financial statements.

The segment information reconciliation of the total EBITDA of the reportable segments to the Group's profit for the year provided to the CEO for the years ended December 31, 2023, 2022 and 2021 are as follows (amounts in thousands):

	Japan			Korea			Taiwan			Hongkong		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Sales	₱ 128,898	₱197,981	₱194,376	₱ 180,058	₱106,341	₱104,404	₱ 137,295	₱137,295	₱137,295	₱143,298	₱143,298	₱143,298
Cost of sales	101,259	185,262	181,758	165,471	97,726	97,726	128,512	128,512	128,512	134,132	134,132	134,132
Profit (loss) for the year	₱ 27,638	₱ 12,719	₱ 12,618	₱ 14,587	₱ 8,614	₱ 6,678	₱ 8,783	₱ 8,783	₱ 8,783	₱ 9,166	₱ 9,166	₱ 9,166
Depreciation and amortization	17,678	17,678	17,678	9,027	9,027	9,027	11,867	11,867	11,867	12,388	12,388	12,388
EBITDA	₱ 9,961	₱ 30,397	₱ 30,296	₱ 5,560	₱ 17,641	₱ 15,705	₱ 20,650	₱ 20,650	₱ 20,650	₱ 21,554	₱ 21,554	₱ 21,554

	US			Others			Unallocated			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Sales	₱ 112,535	₱114,573	₱112,487	₱ 301,202	₱294,628	₱289,263	₱ -	₱ -	₱ -	₱ 1,003,286	₱994,115	₱ 981,122
Cost of sales	105,231	107,320	105,290	281,546	276,167	270,944	-	-	-	916,151	929,119	918,363
Operating expenses	-	-	-	-	-	-	34,498	44,976	47,078	34,498	44,976	47,078
Other operating income , net	-	-	-	-	-	-	2,233	4,856	4,800	2,233	4,856	4,800
Finance income	-	-	-	-	-	-	15	35	94	15	35	94
Finance costs	-	-	-	-	-	-	(22,045)	(22,286)	(22,037)	(22,045)	(22,286)	(22,037)
Provision for income tax	-	-	-	-	-	-	-	1,285	337	-	1,285	337
Profit (loss) for the year	₱ 7,304	₱ 7,253	₱ 7,196	₱ 19,656	₱ 18,461	₱ 18,319	₱ 14,701	₱ (19,084)	₱ (20,484)	₱ 101,835	₱ 45,912	₱ 42,275
Interest	-	-	-	-	-	-	-	22,286	22,037	-	22,286	22,037
Taxes	-	-	-	-	-	-	-	1,285	337	-	1,285	337
Depreciation and amortization		10,229	10,229	37,295	37,295	37,783	13,328	13,238	13,238	13,328	117,741	74,096
EBITDA	₱ 7,304	₱ 17,482	₱ 17,426	₱ 17,639	₱ 55,755	₱ 56,102	₱ 1,373	₱ 17,725	₱ 15,129	₱ 115,163	₱187,225	₱138,746

The segment assets and liabilities as at December 31, 2023 and 2022 are as follows (amounts in thousands):

	Exporting		Unallocated		Total	
	2023	2022	2023	2022	2023	2022
Segment assets	₱ 1,914,398	₱ 1,963,970	₱ 880,009	₱ 117,539	₱ 2,794,407	₱ 2,081,509
Segment liabilities	₱ 1,420,206	₱ 1,240,996	₱ 192,280	₱ 175,607	₱ 1,612,486	₱ 1,416,603

The total reportable segments' assets and liabilities are reconciled to the Group's total assets liabilities as at December 31, 2023 and 2022 are as follows (amounts in thousands):

	2023	2022
Segment assets	₱ 1,914,398	₱ 1,963,970
Unallocated:		
Trade and other receivables	743,655	16,873
Prepayments and other current assets	105,533	70,606
Goodwill	14,521	14,521
Deferred tax assets	15,969	15,208
Other noncurrent assets	331	331
	₱ 2,794,407	₱ 2,081,509
Segment Liabilities	₱ 1,420,206	₱ 1,240,996
Unallocated:		
Due to a related party	147,742	131,846
Retirement benefits liability	44,538	43,761
	₱ 1,612,486	₱ 1,416,603

The amount is measured in a manner consistent with that of the consolidated financial statements.

The reportable segments' assets and liabilities are allocated based on the operations of the segment. The Group's cash, trade and other receivables, inventories, property, plant and equipment, trade and other payables, obligations under finance lease, borrowings and income tax payable were considered as segment assets and liabilities. Trade receivables arising from the exporting operations are further allocated based on geographical location as follows (amounts in thousands):

	Japan		Korea		Taiwan		Hongkong	
	2023	2022	2023	2022	2023	2022	2023	2022
Trade receivables	₱22,238	₱14,395	₱80,654	₱60,342	₱95,125	₱91,269	₱201,388	₱302,469

	US		Others		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Trade receivables	₱61,215	₱51,745	₱220,235	₱120,505	₱13,988	₱15,827	₱694,843	₱656,551

Unallocated assets and liabilities are managed by the central administrative and treasury functions.

The Group does not have revenues from transactions with a single external customer amounting to ten percent (10%) or more of the Group's total revenues.

NOTE 38 – OTHER MATTERS

Supplemental disclosure of cash flow information

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes.

Particulars	January 1, 2023	Cash flows	Reclassification	Interest expense	December 31, 2023
Loans and borrowings	₱ 1,058,507,424	₱ (90,029,924)	₱	₱	₱ 968,477,500
Advances from related parties	146,023,035	1,719,792	-	-	147,742,827
Lease liability	70,548,933	(1,881,792)	-	-	68,667,141
Deposit for future stock subscription	287,636,935	-	-	-	287,636,935
Interest payable	-	(22,527,638)	-	22,527,638	-
Total liabilities from financing activities	₱ 1,562,716,327	₱ 112,719,562	₱ -	₱	₱ 1,472,524,403

Particulars	January 1, 2022	Cash flows	Reclassification	Interest expense	December 31, 2022
Loans and borrowings	₱ 1,161,425,041	₱ (102,917,617)	₱	₱ -	₱ 1,058,507,424
Advances from related parties	134,690,006	11,333,029	-	-	146,023,035
Lease liability	79,407,204	(8,858,271)	-	-	70,548,933
Deposit for future stock subscription	287,636,935	-	-	-	287,636,935
Interest payable	-	(22,286,127)	-	22,286,127	-
Total liabilities from financing activities	₱ 1,663,159,186	₱ (122,728,986)	₱ -	₱ 22,286,127	₱ 1,562,716,327

Non-cash Activities

The Group had no material non-cash investing or financing activity-related transactions for the year ended December 31, 2023 and 2022.

NOTE 39 – CONTINGENCIES

The Group is a not party to any legal proceedings. As of the December 31, 2023, the Group has ongoing tax assessment with the Bureau of Internal Revenue (BIR).

NOTE 40 – RECLASSIFICATION OF ACCOUNTS

For 2023, the Group reclassified the return of capital into treasury shares instead of direct deduction from the share capital.

Particulars	Balance as of January 1, 2023	Adjustments	Adjusted balance as of December 31, 2023
Share capital	₱ 236,968,462	₱ 13,031,538	₱ 250,000,000
Treasury shares	-	(13,031,538)	(13,031,538)
Share capital, net	236,968,462	-	236,968,462

The net result is the same with the balance in 2022.

MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

I	Supplemental schedules required by Revised SRC Rule 68 Annex 68-J	
A	Financial Assets	<u>Attached</u>
B	Amounts receivables from directors officers, employees, related parties and principal stockholders (other than related parties)	<u>Attached</u>
C	Amounts receivables and payable from/to related parties which are eliminated during consolidation process of financial statements	<u>Attached</u>
D	Long-term debt	<u>Attached</u>
E	Indebtedness to related parties (Long-term loans from related parties)	<u>Not applicable</u>
F	Guarantees of securities of other issuers	<u>Not applicable</u>
G	Capital Stock	<u>Attached</u>
II	Reconciliation of retained earnings available for dividend declaration by Revised SRC Rule 68 Annex 68-D	<u>Attached</u>
III	Map of the relationships of the Company within the Group	<u>Attached</u>
IV	Schedule of Financial Soundness Indicators as required by Revised SRC Rule 68 Annex 68-E	<u>Attached</u>

MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL SCHEDULES REQUIRED BY REVISED SRC RULE 68 ANNEX 68-J
AS AT DECEMBER 31, 2023
SCHEDULE A. Financial Assets

Financial asset As at December 31, 2022	Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the statement of financial position	Fair value based on its carrying amount at the end of reporting period	Fair value based on approximate discounted value of future cash flows at the end of reporting period	Fair value based on marker quotation at the end of the reporting period	Income received	Income accrued
Financial assets at amortized cost								
Cash (Note 10)	Not applicable	Not applicable	₱ 327,271,022	₱ 327,271,022	-	-	₱ 97,766	₱ -
Trade and other receivables (Note 11)	Not applicable	Not applicable	744,930,534	744,930,534	-	-	-	-
Due from related parties (Note 14 and 32)	Not applicable	Not applicable	114,329,686	114,329,686	-	-	-	-
Refundable security deposit (Note 19 and 35)	Not applicable	Not applicable	330,536	330,536	-	-	-	-
Financial Asset at FVOCI					-	-	-	-
Investment in Golf share (Note 15)	Eagle Ridge Golf & Country Club, Inc	One (1) Membership share	50,000	50,000	-	-	-	-
TOTAL			₱ 859,640,756	₱ 859,640,756			₱ 97,766	₱ -

SCHEDULE B. Amounts of Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)

Name and designation of debtor	Balance at beginning of period	Amounts (collected) /transferred	Amounts written-off	Current	Non-current	Balance at end of period
Philippine 101 Hotel, Inc.	₱ 31,250,000	₱ -	₱ -	₱ 31,250,000	₱ -	₱ 31,250,000
Stockholder	255,509	-	-	255,509	-	255,509
MOSC Vietnam	92,901,774	10,077,597	-	82,824,177	-	82,824,177

SCHEDULE C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
MOSC	4,741,500	-	-	-	4,741,500	-	4,741,500

SCHEDULE D. Long-term Debt

Title of issue	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt"	Amount shown under caption "Long term debt" in related balance sheet
Borrowings	₱ -	₱ 968,477,500	₱ -
Lease liability	-	17,523,833	51,143,308

SCHEDULE E. Indebtedness to Related Parties (Long Term Loans from Related Parties)

Name of related party	Balance at beginning of period	Amount shown under caption "Current portion of long term debt"
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Not Applicable

SCHEDULE F. Guarantees of Securities of Other Issuers

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
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Not Applicable

SCHEDULE G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	2,500,000,000	2,369,684,619	none	none	72,500,000	2,297,184,619

II. RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

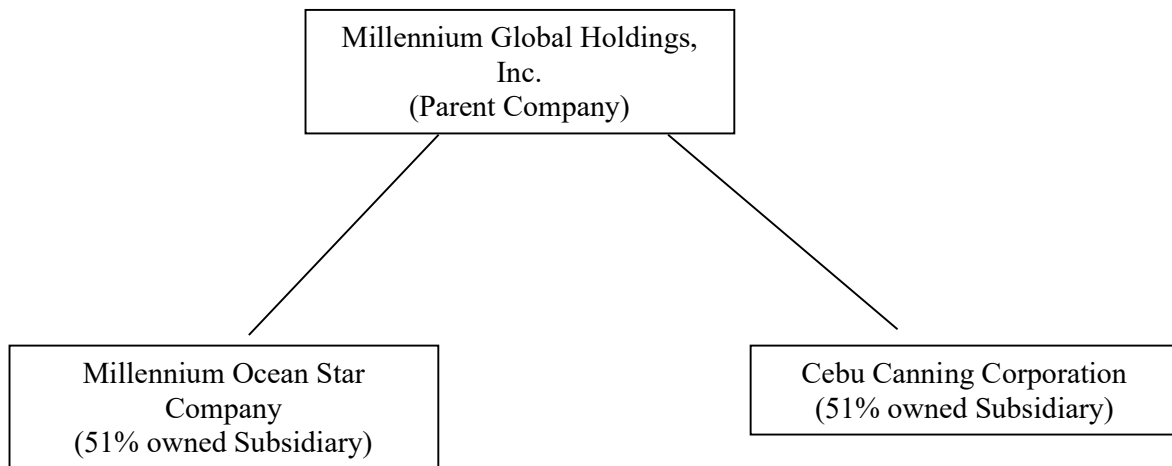
MILLENNIUM GLOBAL HOLDINGS, INC. Schedule of Philippine Financial Reporting Standards

SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2023 and 2022

Items	2023	2022
Unappropriated Retained Earnings, beginning	₱ (115,882,981)	₱ (115,510,427)
Adjustments:		
Prior period adjustments	-	(56,985)
Dividends declared/paid during the year	-	-
Adjustment on initial application of leases, net of tax	-	-
Unappropriated Retained Earnings, as adjusted, beginning	(115,882,981)	(115,567,412)
Net Income (Loss) based on the face of AFS	(4,155,037)	(826,561)
Less: Non-actual/unrealized income net of tax		
• Equity in net income/(loss) of associate/joint venture	476,455	(510,992)
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain	-	-
• Fair value adjustment (M2M gains)	-	-
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	-	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)	-	-
• Adjustment due to deviation from PFRS/GAAP – loss	-	-
• Loss on fair value adjustment of investment property (after tax)	-	-
FMV gain/(loss) transferred to equity as a result of disposal of equity investment at FVOCI	-	-
Gain/(loss) from disposal of financial assets at FVOCI	-	-
Net Income Actual/Realized	-	-
Unappropriated Retained Earnings, as adjusted, ending	₱ <u>(119,561,563)</u>	₱ <u>(115,882,981)</u>

III. MAP OF GROUP OF COMPANIES



**IV. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC
RULE 68 ANNEX 68-E**

MILLENNIUM GLOBAL HOLDINGS, INC. AND ITS SUBSIDIARIES

**Supplementary Schedule on Financial Soundness Indicators
For the Years Ended December 31, 2023 and 2022**

Ratio	Formula	2023	2022
Current ratio	Current Assets / Current Liabilities	1.38	1.28
Acid test ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	1.29	0.87
Solvency ratio	Total Assets / Total Liabilities	1.50	1.47
Debt-to-equity ratio	Total Debt/Total Equity	2.01	2.13
Asset-to-equity ratio	Total Assets / Total Equity	3.01	3.13
Interest rate coverage ratio	Earnings Before Interest and Taxes (EBIT) / Interest Charges	(4.68)	(1.04)
Return on equity	Net Income / Total Equity	(0.0033)	(0.001374)
Return on assets	Net Income / Total Assets	(0.0011)	(0.000439)
Net profit margin	Net Profit / Sales	(0.002187)	(0.000914)
Price/Earnings Ratio	Price Per Share / Earnings (Loss) Per Common Share	(86.15)	(312.95)