

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended: **31 December 2022**
2. SEC Identification Number: **165539**
3. BIR Tax Identification No.: **000-157-237-000**
4. Exact name of issuer as specified in its charter: **CYBER BAY CORPORATION**
5. **Makati City, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **Suite 2402 Discovery Center, 25 ADB Avenue** **1605**
Ortigas Center, Pasig City
Address of principal office Postal Code
8. **(632) 8633 9757**
Issuer's telephone number, including area code
9. Former name, former address, and former fiscal year. If changed since last report. **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
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Common	Php 6,160,000,000.00
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*Note: The Total issued and outstanding shares are:

Common	6,806,878,853
Preferred	6,467,950,603

11. Are any or all of these securities listed on a Stock Exchange
Yes No
12. Check whether the issuer:
- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder of 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 (12) months (or for such shorter period that the Company was required to file such reports);
Yes No
- (b) has been subject to such filing requirements for the past 90 days.
Yes No
13. Aggregate market value of the voting stock held by non-affiliates of the Company. Php2,032,800,000.00 (Based on closing market price of Php0.33 on 18 June 2021)

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Company's 2022 Annual Report to Stockholders are incorporated by reference into Parts II and III of this report

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON, ON THE WRITTEN REQUEST OF ANY PERSON, COPY OF CYBER BAY CORPORATION ANNUAL REPORT ON SEC FORM 17-A.

Written request for a copy of the Annual Report on SEC Form 17-A should be addressed to:

ATTY. RYAN V. ROMERO
Corporate Secretary/ Compliance Officer
Suite 2801 Discovery Center, 25 ADB Avenue
Ortigas Center, Pasig City

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Cyber Bay Corporation (the Company) was organized to undertake real estate development (except real estate subdivision) and reclamation. The Company was incorporated on 06 July 1989. The Company has changed its name from First Lepanto Corporation to Guoco Land (Philippines), Inc. in 1994, to Centennial City Inc. in 1996, and to Cyber Bay Corporation in 2000.

On 30 March 1996, the Company, Central Bay Reclamation and Development Corporation (Central Bay) and certain of shareholders Central Bay's shareholders entered into a Memorandum of Agreement which involved the restructuring of the Company and the consolidation of certain businesses and assets of the Company and Central Bay.

The restructuring of the Company entailed the transfer to Prime Orion Philippines, Inc. (formerly Guoco Holdings Philippines, Inc.) of the Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Company of 4 billion shares of stock (with par value of Php1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of Php100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Company assumed full ownership of Central Bay, including its Joint Venture Agreement (JVA) with the Public Estates Authority (PEA) (now known as the Philippine Reclamation Authority) to reclaim 750 hectares of land along Manila Bay (the Cyber Bay Project) as its new property core holding.

Aside from the aforementioned business consolidation, no other material reclassification, merger, consolidation or purchase has been implemented. However, ten (10) floors of the BA Lepanto Building owned by the Company was the subject of a *Dacion en Pago* arrangement with the Philippine National Bank in 1999.

With the Cyber Bay Project, the Company is afforded a unique flagship waterfront development; at 750 hectares, it was supposed to be a substantial fully integrated township that can spearhead the redevelopment of the Manila Bay in tandem with the government's progressive Bay City Development.

A controversy on the validity of the JVA arose and several investigations and fact-finding committees were created to determine its validity. Finally, on 28 May 1999, the JVA was amended and approved by the Office of the President and the Government Corporate Monitoring and Coordinating Committee.

After having obtained all the government approvals and endorsements under two Administrations (Presidents Fidel Ramos and Joseph Estrada) and pursuant to the Amended JVA, Central Bay conducted a review of all contracts and project plans in preparation for the resumption of the long-delayed implementation of the Reclamation Project. Preparations included the re-bidding of the dredging and reclamation contract, which were previously suspended. In addition, Central Bay urgently

addressed the informal settlers issue and incurred huge operational expenses in securing the cleared islands within the project site. These expenditures were undertaken by Central Bay in the ordinary course of business pursuant to its JVA/AJVA with respondent and done in utmost good faith.

However, on 09 July 2002, after having invested heavily into the Reclamation Project, including the cash advances given to PRA and the cost for the relocation of informal settlers in the area, not to mention the funds that were injected to run the operations of Central Bay from 1995 to 2002, the Supreme Court promulgated a decision in the case of Chavez v. PEA and Amari Coastal Bay Development Corporation (G.R. No. 133250, 09 July 2002, 384 SCRA 152), permanently enjoining PEA and Central Bay from implementing and declaring the Amended JVA as null and void ab initio. Central Bay's Motion for Reconsideration was denied.

The Supreme Court stated that "[d]espite the nullity of the Amended JVA, Central Bay is not precluded from recovering from the PEA in the proper proceedings, on a quantum merit basis, whatever Central Bay may have incurred in implementing the Amended JVA, prior to its declaration of nullity."

On 20 November 2009, the Company sent a letter to the PEA (now PRA) for the payment of approximately Php13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA.

In a letter dated 8 February 2010, PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of Php1,004,439,048.45 as the amount due for reimbursement and PRA did not, at that time, find any sufficient basis for the payment of Central Bay's other claims including cost of money, reimbursement of professional and legal fees, interest and bank charges on loan, foreign exchange losses on loans, pre-operating and operating expenses, input tax, and documentary stamp tax. Central Bay then conducted a more thorough internal review of pertinent documents and re-computation of its claims vis-a-vis the findings of PRA.

Thus, on 13 December 2010, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling Php11,527,573,684.12 (down from the initial claim of Php13,385,972,469) and not merely Php1,004,439,048.45 as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of Php1,004,439,048.45, the only issue submitted to the COA is whether or not the other claims of Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

On 03 February 2014, the Company received a letter from the PRA which states that in addition to the amount verified by your Reclamation Group of Php1,004,439,048.45, the Company is entitled to additional reimbursements in the amount of Php22,592,435.34.

On 14 October 2016, Central Bay and PRA entered into a Compromise Agreement where PRA shall cede to Central Bay parcels of land with value equal to the validated claim of Php1.027 billion. In exchange, Central Bay shall waive all other claims subject of the pending petition with the COA and any other claims arising from or in connection with the Amended JVA. The Compromise Agreement shall become effective upon approval of the COA.

On 11 November 2016, Central Bay and PRA filed a Joint Motion for Judgment based on the Compromise Agreement before the COA to seek its approval. On 23 May 2019, the COA ruled that the Compromise Agreement is void and partially granted reimbursement in the amount of Php714,937,790.29. COA denied Central Bay's motion for reconsideration on 21 January 2020.

On 19 August 2020, the Supreme Court En Banc required COA and PRA to comment to the Petition for Certiorari.

In its Resolution dated 08 September 2020, the Supreme Court directed Central Bay to file its Reply to COA's comment, which it filed on 23 April 2021.

PRA subsequently filed a Motion to Admit with attached Manifestation and Comment dated 30 September 2021. In its Motion, it prayed that the Supreme Court admit PRA's Comment which was belatedly filed.

The PRA substantially adopted the findings of the COA as its Comment on Central Bay's Petition for Certiorari. Specifically, while it confirmed that the PRA-validated claim amounted to PhP 1,004,439,048.45, it echoed the COA's findings that only the amount of PhP 714,937,790.29 may be allowed as supported by original documents or evidence.

In a Decision dated 05 April 2022, the Supreme Court declared the Compromise Agreement between Central Bay Reclamation and Development Corporation (Central Bay) and the Philippine Reclamation Authority void ab initio for being contrary to the 1987 Constitution, Executive Order No. 292, Administrative Code of 1987, and the Government Auditing Code of the Philippines. Further, the Supreme Court disallowed Central Bay's money claims except for the amount of Seven Hundred Fourteen Million Nine Hundred Thirty-Seven Thousand Seven Hundred Ninety and 29/100 Pesos (PhP714,937,790.29) representing advance payment for the reclamation and project development. Central Bay then filed a Motion for Reconsideration dated 15 December 2022.

In a Resolution dated 07 February 2023, the Supreme Court denied with finality Central Bay's Motion for Reconsideration dated 15 December 2022, and affirmed the Commission on Audit's (COA) Decision dated 23 May 2019 in COA CP Case No. 2010-350. In the Notice, it stated that Entry of Judgment will be made immediately .

With respect to the Company's settlement of its outstanding obligations, the Company secured Stockholders' approval and ratification of the issuance of shares as a result of the conversion of liabilities to equity during as shown below during its annual meeting held on 24 November 2010. As a first step, the Company amended its Articles of Incorporation amending the par value of the unissued preferred shares from Php1.00 to Php0.10, among others. The Commission approved the Amended Articles of Incorporation on 04 May 2011.

The Commission likewise approved the Confirmation of Valuation in relation to the debt-to-equity conversion on 13 November 2012 as follows:

(a) Conversion of Stockholders' Advances to Equity

The advances which were converted to 646,878,853 common shares were utilized to finance the reclamation and horizontal development of the Cyber Bay Project.

The 646,878,853 common shares were issued to the following:

One Bacolod Express Holdings, Inc.	364,577,424
Primera Comercio, Holdings, Inc.	167,578,190
Cosco Land Corporation	56,132,206
Guoco Securities (Philippines), Inc.	42,924,628
Prime Orion Philippines, Inc.	<u>15,666,405</u>
Total	646,878,853

(b) Conversion of Bank Loans to Equity

The liabilities which were converted to 6,467,950,603 preferred shares arose from the Company's bank loans to Philippine National Bank (PNB) and Bangkok Bank. The PNB Loan was assigned to Opal Investments Portfolio [SPV-AMC], Inc. and the latter assigned the loan obligation to One Bacolod Express Holdings, Inc. On the other hand, the Bangkok Bank Loan, which is the subject of Civil Case No. 01-1094, was assigned to Allied Enterprise Co., Ltd. and the latter assigned it to New Bond Corporation (NBC). On 22 February 2011, the Company filed a manifestation in Civil Case No. 01-1094 that it has no objection to the substitution of Primera Comercio Holdings, Inc. for NBC as plaintiff in the case. In a Judgment dated 14 September 2011, the trial court approved the parties' Joint Motion for Judgment Based on Compromise that was filed on 26 August 2011.

The 6,467,950,603 preferred shares were issued to the following:

One Bacolod Express Holdings, Inc.	1,609,359,778
Primera Comercio, Holdings, Inc.	<u>4,858,590,825</u>
Total	6,467,950,603

The Company continues to implement measures to reduce its operational expenses and, through the efforts of its outsourced service provider, consolidate all the records pertaining to the claim for reimbursement from the PRA.

Amount Spent on Development Activities

The amount spent on development activities during the last three (3) fiscal years and its percentage to revenues are as follows: (*Amounts in Thousands*)

As of	Amount	Total Revenue for the Period	% to Revenues
Dec. 31, 2022	Php 0.0	Php 0	0.0%
Dec. 31, 2021	0.0	0	0.0%
Dec. 31, 2020	0.0	0	0.0%

As of 31 December 2022, the Company has no employees and has outsourced its reportorial and compliance requirements to GSE Managed Solutions (formerly GSE Management Services, Inc). So far, the Company has no plans to hire employees in the ensuing twelve months.

As of the moment, there are no major risks that the company and its subsidiary are involved in. The Company is currently discussing with PRA the details of its claims pursuant to the Amended JVA and the Supreme Court Decision.

Item 2. Properties

Cyber Bay Project

The Company's Cyber Bay Project encompasses 750 hectares involving the reclamation and development of an integrated and comprehensive urban township that is envisioned to be a 21st century metropolis. The reclamation project is located Southwest of Manila along Manila-Cavite Coastal Road, within the cities of Parañaque, Las Piñas and the municipality of Bacoor, Cavite. This project has been shelved due to the Supreme Court decision nullifying the JVA with the PRA.

In 1999, Cyber Bay settled part of its loans with the Philippine National Bank with a *Dacion en Pago* of its 10 Floors in the BA Lepanto Building, located along Paseo de Roxas, Makati City.

The Company has no other property holdings.

Transactions with and/or dependence on Related Parties

The Company's transaction with stockholders i.e. Italian-Thai (BVI) Development Co., Ltd., Prime Orion Philippines, Inc., and other stockholders consists mainly of non-interest bearing advances which were uses to finance the initial phase of the Cyber Bay Project.

The Company obtains cash advances from a shareholder to support its day-to-day operations. These advances are payable on demand. As of 31 December 2022, the Company has yet to decide on what option to take to settle the outstanding payable.

Item 3. Legal Proceedings

1. *Sta. Maria Homeowners' Association, et al. v. Public Estates Authority and Amari Coastal Bay Development Corporation at the Regional Trial Court of Parañaque, Branch 257, instituted on 03 July 2000*

Plaintiffs were occupants of the Freedom Island which forms part of the 750-hectare area to be reclaimed and developed under a JVA between the PEA and AMARI. The PEA, as provided in the JVA, undertook the relocation of the plaintiffs from the Freedom Island. The plaintiffs filed a complaint for specific performance and injunction in court as a result of their ejection from the Freedom Island. If found liable, the Company may be ordered to pay Fifty Thousand Pesos (P50,000.00) as attorney's fees.

The Company moved for the dismissal of the case against it. Said motion is still pending resolution.

2. *Cyber Bay Corporation vs. Island Country Telecommunications, Inc. at the Regional Trial Court of Makati City, Branch 58, instituted on 20 June 2001*

The Company owned three (3) floors of the BA Lepanto Building in Makati City. Island Country Telecommunications, Inc. (ICTI) was engaged in the operation of paging services. In 1996, ICTI leased the floors owned by the Company. ICTI failed to pay its rental obligation to the Company despite demands.

In a Decision dated 22 February 2008, the Regional Trial Court (RTC) of Makati, Branch 143 ruled in favor of the Company and ordered ICTI to pay the Company the following amounts:

- a. Php 8,589,518.24 as arrears from the rented premises, i.e. 8th, 9th, and 14th floors with interest at 12% per annum from 25 September 2000 until the sum is fully paid;
- b. Php 1,895,162.50 as rental for the 8th and 9th floors minus the security deposit or a total of Php 418,412.25 with interest at 12% per annum from 25 September 2000 until fully paid; and,
- c. Costs of suit and Php 200,000.00 for attorney's fees.

From said Decision, ICTI filed its Notice of Appeal. In a Decision dated 29 September 2009, the Court of Appeals denied ICTI's appeal. The Decision of the RTC was affirmed with modification in that ICTI is ordered to pay the Company the following amounts:

- a. Php 5,452,114.64 as rent arrears up to period of November 1998 with interest at 12% per annum from 25 September 2000 until the sum is fully paid; and
- b. Php 418,412.50 as rent arrears for the period of 01 September 1999 to 15 December 1999 with interest at 12% per annum from 25 September 2000 until fully paid.

On 12 October 2009, ICTI filed a Motion for Partial Reconsideration which was denied by the Court of Appeals in its Resolution dated 28 January 2010. Consequently, the Decision became final and executory on 21 February 2010.

The Company filed a Motion for Issuance of Writ of Execution dated 25 June 2010 which was granted by the RTC on 02 July 2010. The Company is now in the process of enforcing the Writ of Execution. However, as of this date, the Company could not locate any property of ICTI for levy.

3. *Central Bay Reclamation and Development Corporation v. Philippine Reclamation Authority, instituted on 13 December 2010*

Central Bay filed a Petition for money claims with the Commission on Audit arising from a Joint Venture Agreement (JVA) entered by the Public Estates Authority [PEA] (now the Philippine Reclamation Authority [PRA]) with Amari Coastal Bay Development Corporation (ACBDC) for the development of Three Islands (the "Reclamation Project") on 25 April 1995. By virtue of a Notice to Proceed issued by the PEA on 27 September 1996, Central Bay proceeded with the implementation of the Reclamation Project after having obtained presidential approval, all the government licenses, environmental and other permits, and approvals necessary for the reclamation.

The Supreme Court declared the Amended JVA as null and void ab initio and after several Motions for Reconsideration denied by the Supreme Court, the decision of the Court became final and executory. Nevertheless, the Supreme Court decreed that the nullification of the JVA does not affect Central Bay's right to recover reimbursement from PEA (now PRA).

On 20 November 2009, the Company sent a letter to the PEA now PRA for the payment of approximately Php13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA. In a letter dated 8 February 2010, PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of Php1,004,439,048.45 as the amount due for reimbursement.

Thus, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling Php11,527,573,684.12 (down from the initial claim of Php13,385,972,469) and not merely Php1,004,439,048.45 as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of Php1,004,439,048.45, the only issue submitted to the COA is whether or not the other claims of Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

Central Bay had several meetings with the PRA Panel to reconcile the accounts and provide supporting data for its claim for reimbursement.

After the validation process, which was concluded in October 2011, the PRA, in a letter dated 03 February 2014 signed by its incumbent General Manager and CEO Peter Anthony A. Abaya, informed Central Bay that PRA has verified an additional amount for reimbursement equivalent to Twenty-Two Million Five Hundred Ninety-Two Thousand Four Hundred Thirty-Five and 34/100 Pesos (Php22,592,435.34), bringing the total amount validated by PRA to One Billion Twenty-Seven Million Thirty-One Thousand Four Hundred Eighty-Three and 79/100 Pesos (Php1,027,031,483.79).

PRA through the OGCC, subsequently filed its answer to the COA Petition. Central Bay has requested for additional time to file its Reply on or before 27 November 2015.

Central Bay and the PRA, as assisted by the Office of the Government Corporate Counsel (OGCC), entered into a Compromise Agreement with the PRA dated 14 October 2016. The Compromise Agreement shall take force and effect upon approval by the Commission on Audit (COA) and the issuance of the COA of an Order of Judgment to dismiss the money claim of Central Bay in the case docketed as COA CP Case No. 2010-350 and shall bar any future claims arising from or in connection with the Amended Joint Venture Agreement dated 30 March 1999.

The money claim of PhP1.027 billion shall be settled through a conveyance of a portion of the PRA reclaimed land to Central Bay's qualified assignee, as previously approved by the stockholders' of the Company during its annual stockholders' meeting held on 22 December 2015.

Central Bay and PRA filed a Joint Motion for Judgment based on the Compromise Agreement before the COA on 11 November 2016 to seek its approval. On 23 May 2019, the COA rendered a decision rendering the Compromise Agreement as null and void, and partially granting Central Bay's money claims in the total amount of P714,937,790.29 (Decision). A Motion for Reconsideration on the Decision was filed with the COA on 25 July 2019.

On 30 July 2020, Central Bay, the wholly owned subsidiary of the Company, received a notice dated 28 June 2020, that the COA *En Banc* issued a resolution on 21 January 2020 to deny its Motion for Reconsideration (MR). The MR was filed by the Central Bay on 25 July 2019 on the decision declaring the Compromise Agreement with the Philippine Reclamation Authority invalid, and partially granted Central Bay's money claim in the total amount of PhP714,937,790.29.

On 19 August 2020, Central Bay filed a Petition for Certiorari with G.R No. 252940 to the Supreme Court of the Philippines praying that the COA *En Banc* resolution be reversed and set aside and that the Compromise Agreement dated 14 October 2016 be approved and adopted.

On 08 September 2020, the Supreme Court *En Banc* required COA and PRA to comment to the Petition for Certiorari. Then on 22 March 2021, Central Bay received a Resolution from the Supreme Court requiring it to file a reply to COA's Comment dated 03 February 2021 within ten (10) days from notice or until 01 April 2021.

Considering the unabated rise of COVID-19 cases and the imposition and extension of stricter community quarantine restrictions, the Supreme Court issued Administrative Circulars Nos. 1-2021, 21-2021 and 22-2021 directing that all courts in the National Capital Region shall remain physically closed from 29 March 2021 until 30 April 2021. Further, the time for filing and service of pleadings is suspended and shall resume seven (7) calendar days counted from the first day of the physical reopening of the relevant court. The reply was timely filed by Central Bay on 23 April 2021.

On 30 September 2021, the PRA filed a Motion to Admit with attached Manifestation and Comment. In its Motion, it prayed that the Supreme Court admit its comment which was belatedly filed.

The PRA substantially adopted the findings of the COA as its Comment on Central Bay's Petition for Certiorari. Specifically, while it confirmed that the PRA-validated claim amounted to PhP 1,004,439,048.45, it echoed the COA's findings that only the amount of PhP 714,937,790.29 may be allowed as supported by original documents or evidence.

In a Decision dated 05 April 2022, the Supreme Court declared the Compromise Agreement between Central Bay Reclamation and Development Corporation (Central Bay) and the Philippine Reclamation Authority void ab initio for being contrary to the 1987 Constitution, Executive Order No. 292, Administrative Code of 1987, and the Government Auditing Code of the Philippines. Further, the Supreme Court disallowed Central Bay's money claims except for the amount of Seven Hundred Fourteen Million Nine Hundred Thirty-Seven Thousand Seven Hundred

Ninety and 29/100 Pesos (PhP714,937,790.29) representing advance payment for the reclamation and project development. Central Bay then filed a Motion for Reconsideration dated 15 December 2022.

In a Resolution dated 07 February 2023, the Supreme Court denied with finality Central Bay's Motion for Reconsideration dated 15 December 2022, and affirmed the Commission on Audit's (COA) Decision dated 23 May 2019 in COA CP Case No. 2010-350. In the Notice, it stated that Entry of Judgment will be made immediately .

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

There were no matters submitted during the period covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(1) Market Information

The Company's common equity is traded at the Philippine Stock Exchange

Stock Prices

Fiscal Year 2019		
1 st Quarter	₱0.43	₱0.39
2 nd Quarter	₱0.47	₱0.45
3 rd Quarter	₱0.40	₱0.39
4 th Quarter	₱0.39	₱0.37
Fiscal Year 2020		
1 st Quarter	₱0.24	₱0.23
2 nd Quarter	₱0.26	₱0.26
3 rd Quarter	₱0.31	₱0.29
4 th Quarter	₱0.35	₱0.33
For the Year 2021		
1 st Quarter	₱0.33	₱0.32
2 nd Quarter	N/A	N/A
3 rd Quarter	N/A	N/A
4 th Quarter	N/A	N/A
For the Year 2022		
1 st Quarter	N/A	N/A
2 nd Quarter	N/A	N/A
3 rd Quarter	N/A	N/A
4 th Quarter	N/A	N/A

The trading of the shares of the Company was suspended on 18 June 2021 due to the disclaimer of opinion issued by the Company's external auditor, R.G. Manabat and Co., on the Company's 2020 Audited Financial Statements.

(2) Holders

The number of shareholders of record as of 31 December 2022 is Six Hundred Twenty (620). Common shares outstanding as of the same period are Six Billion Eight Hundred Six Million Eight Hundred Seventy-Eight Thousand Eight Hundred Fifty-Three (6,806,878,853) shares.

**Top 20 Common Stockholders (listed and unlisted)
As of 31 December 2022**

Name of Stockholder	Number of Shareholdings	Percentage to Total Equity
PCD NOMINEE CORP. (FILIPINO)	2,021,472,039	29.70%
PRIMERA COMMERCIO HOLDINGS, INC.	1,462,000,000	21.48%
PRIMERA COMMERCIO HOLDINGS, INC.*	167,578,190	8.29%
GUOCO HOLDINGS (PHILS.), INC.	1,320,116,000	19.39%
UCPB TA# 99-0196	1,000,000,000	14.69%
ONE BACOLOD EXPRESS HOLDINGS, INC. *	364,577,424	5.36%
AMARI HOLDINGS CORPORATION	215,500,000	3.17%
PCD NOMINEE CORPORATION (NON-FILIPINO)	44,024,011	0.65%
COSCO LAND CORPORATION*	56,132,206	0.82%
DAVID GO SECURITIES CORPORATION	43,526,968	0.64%
DAVID GO SECURITIES CORPORATION *	602,340	0.01%
PRIME ORION PHILIPPINES, INC.	17,985,405	0.26%
PRIME ORION PHILIPPINES, INC. *	2,319,000	0.03%
HLG CAPITAL PHIL., INC. ITF MR. SOMBOON PATCHARASOPAK	14,000,000	0.21%
URBAN LEISURE AND DEVELOPMENT CORPORATION	12,000,000	0.18%
ROGER C. ANG	9,000,000	0.13%
KATHERINE MARIE YBANEZ SY	5,000,000	0.07%
SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC.	4,111,324	0.06%
WILLIAM L. PEREZ	3,470,000	0.05%
Q-TECH ALLIANCE HOLDINGS, INC.	3,143,000	0.05%

*unlisted shares

**Top 20 Preferred Stockholders
As of 31 December 2022**

Name of Stockholder	Number of Shareholdings	Percentage to Total Equity
ONE BACOLOD EXPRESS HOLDINGS, INC.	1,609,359,778	24.88%
PRIMERA COMMERCIO HOLDINGS, INC.	4,858,590,825	75.12%

(3) Dividends

No dividends were declared in 2022. Except for the availability of sufficient retained earnings, there is no restriction on the payment on dividend on shares.

(4) Recent Sales of Unregistered Securities

There are no sales of unregistered securities of the Company within the past three (3) years.

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

Plan of Operation

Due to the Decision of the Supreme Court, which rendered a decision nullifying the Joint Venture Agreement (JVA) with the PEA, the Company has suspended all works and negotiations. The Company has exhausted almost all possible legal courses of action.

The plan of operation of the Company and its Subsidiary will depend on the recoverability of the Group's claims for reimbursement from PRA and on the success of any business that the Group may undertake.

At present, the Company is operating using funds sourced externally or advanced by its major stockholders. There are no expected major purchases or sale of plant and equipment nor significant changes in the number of employees of the Company.

There are no expected major purchases or sale of plant and equipment nor significant changes in the number of employees of the Company.

There were no material changes in financial condition and results of operation for each of the last three fiscal years.

- There are no known trends, demands, commitments, events or uncertainties that will have a material effect on the Company's liquidity.
- There are no material commitments for capital expenditures.
- There are no significant elements of income or loss that did not arise from the Company's operations.
- All expenses of the Company are current and the Company does not expect any direct or contingent financial obligation that is substantial or material.
- There are no seasonal aspects that have a material effect on the financial condition or results of operations.
- The Board and Management of the Company are continuously and actively looking for other projects and businesses that the Company may venture into. In the meantime, all project-related operations are still suspended.

The Company's Top 5 key performance indicators/financial soundness indicators:

PERFORMANCE INDICATORS	FORMULA	2022 (in thousands)	2021 (in thousands)
Current Ratio	Current Assets/Current Liabilities	0.335 : 1 716,709 / 2,137,314	0.287 : 1 613,491 / 2,134,391
Debt to Equity Ratio	Total Liabilities / Stockholders Equity	-1.507 : 1 2,137,314/ (1,418,592)	-1.405 : 1 2,134,391/ (1,519,121)
Equity to Debt Ratio	Stockholders Equity / Total Liabilities	-0.664 : 1 (1,418,592)/ 2,137,314	-0.712 : 1 (1,519,121)/ 2,134,391
Book value per share	Stockholders Equity / Total number of shares	-0.208 (1,418,592) / 6,806,879	-0.223 (1,519,121) / 6,806,879
Income(Loss) per share	Net Income / Total number of shares	-0.000 (2,560) / 6,806,879	-0.0003 (2,076) / 6,806,879

At present, there are no known trends, demands, commitments or uncertainties in the Company. All operational expenses of the Company are sustained by sourcing externally or advanced by its major stockholders. All expenses of the Company are current and the Company does not expect any direct or contingent financial obligation that is substantial or material.

For the next Twelve (12) months, the Company will continue to source funds for its operational expenses from its major stockholders. The Company does not expect to purchase or sell any plant and significant equipment. The Company does not foresee a significant change in the number of its employees for the succeeding Twelve (12) months.

Item 7. Financial Statements

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

External Audit Fees and Services

The aggregate fees billed and paid by the Company in favor of its External Auditors for Audit and Audit Related Fees is Three Hundred Fifty Thousand Pesos (Php500,000.00) and Four Hundred Thousand Pesos (Php400,000.00) for 2022 and 2021, respectively. These fees comprise the audit and audit-related services rendered to the Company and its subsidiary.

Except for the fees indicated above, there were no tax fees, or all other fees billed or paid to the Company’s External Auditors for the last two (2) fiscal years.

The audit plan, including the corresponding audit fees, is submitted by the External Auditors to the Company’s Audit Committee for review. The Audit Committee evaluates and approves the audit fees based on reasonableness, scope of work and the prevailing market price for audit services in the industry. If the Audit Committee finds the audit plan and fees are in order, it is presented and recommended for final approval of the Board of Directors. In the event that other services aside from the audit of financial statements, the scope of and payment for the same are subject to review, evaluation and approval by the Board of Directors.

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

There are no changes or disagreements with accountants on accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Company

(1) Directors and Executive Officers – Position/Other Directorships

The present directors of the Company were elected during the Annual Stockholders Meeting held on 23 December 2022.

The directors serve for a term of one (1) year until the election and acceptance of their qualified successors.

The list below includes the directorships/officerships held by the Company’s directors in other corporations. Most of these directorships/officerships have been held by the directors for the past five (5) years to the present.

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
Maria Farah Z.G. Nicolas-Suchianco Director, December 2021 to present Chairperson, December 2021 to present	53	AB Fiber Corp. AirMaverick, Inc. ALK Holdings & Management, Inc. Incorporated Ateneo Law '88, Inc. (c/o SP-091) ATE-Infra Construction Corp. Broadreach Media Holdings, Inc. Casa Prospero Holdings and Development Inc. Central Bay Reclamation and	Filipino	President: Airmaverick Inc. Broadreach Media Holdings, Inc. (Chairman) Evander Holdings Corporation (Chairman) Global Titan Leisure Holdings Corp. (Chairman) JRLT-JHI Corp., (Chairman) La Gran Tierra Holdings Inc. (Chairman)

		<p>Development Corporation Countrybreeze Corporation Cyber Bay Corporation Eastbay Foundation, Inc. c/o SP-S1709 Eastbay Resorts, Inc. E-Fare Investment Holdings, Inc. (Properties) Evander Holdings Corporation Escaler Realty Corporation (Suchianco Realty Corporation) Global Titan Leisure Holdings Corp. GSE Managed Solutions, Inc. Illumina Investment Holdings Inc. Independent Priority Trade, Inc. JRLT-JHI Corp. La Gran Tierra Holdings Inc. Las Palmas Holdings Corporation M.A.Y. Assets, Inc. Magnum Leisure Holdings, Incorporated Nicosafra, Inc. Nine Media Corporation Optimum Dev't. Holdings Phils. Paramount Executive Security Services Inc. Paramount Private Security Training Institute Inc. Paramount Executive Protection Services Corp. Parilla Express Holdings Corporation Pedalmax Holdings, Inc. Pilipinas Asian Pearl Airways, Inc. Pixiedust, Inc. Primo Fuentes Holdings, Inc. Radio Philippines Network, Inc. RDN Holding Industries Inc. Roadworks, Inc. RVN Fitness Collective Corp. Skytrooper Charter Phils., Inc. South Western Cement Corporation Sunspear Holdings Inc. The Designer Boulanger Philippines Corporation The New Centurians Group Philippines, Inc. Thunderbird Foundation, Inc. Thunderbird Frontier Realty, Inc. Thunderbird Pilipinas Hotels and Resorts, Inc. Thunderbird Poro Development Ventures, Inc. Thunderbird-Poro Point Ltd. Tri Harbeth Resources Corporation Tulong at Serbisyo sa Bayan (TSB) Foundation, Inc. Vista Gran Verde Holdings Inc. Volando Alto Holdings, Inc. VNC Industries Holding Corp. Zoraymee Holdings, Inc.</p>		<p>Skytrooper Charter Phils., Inc. Sunspear Holdings, Inc. (Chairman) Tri Harbeth Resources Corporation (Chairman) Volando Alto Holdings, Inc.</p> <p>Vice President: GSE Managed Solutions, Inc.</p> <p>Corporate Secretary: APP King Limited (BVI) Asian Hyperbaric Healthcare Incorporated Buildnet Construction, Inc. Casa Prospero Holdings and Development, Inc. Countrybreeze Corporation Eagle Cement Corporation Escaler Realty Corporation Fit Army Troopers Inc. Fitness Army Enterprise, Inc. Independent Priority Trade, Inc. Intentionality Inc. KB Space Holdings, Inc. M.A.Y Assets, Inc. Maxcellon Inc. MCRP Construction Corporation Mema Holdings Inc. Nicosafra, Inc. Nine Media Corporation Optimum Dev't. Holdings Phils. Pedalmax Holdings, Inc. Pilipinas Asian Pearl Airways, Inc. R.G Nicolas, Incorporated Radio Philippines Network, Inc. Rags2riches, Inc. RDN Holding Industries Corp. Roadworks, Inc. RVN Fitness Collective Corp. Solid North Mineral Corp. South Western Cement Corp. The Designer Boulanger Philippines Corporation Vista Gran Verde Holdings Inc. VNC Industries Holding Corporation VYL Development Corporation Wynsum Leisure Hoteliers, Inc. Wynsum Realty & Development, Inc.</p> <p>Treasurer: Countrybreeze Corporation Escaler Realty Corporation GSE Managed Solutions, Inc. Independent Priority Trade, Inc. Pedalmax Holdings, Inc. Pilipinas Asian Pearl Airways, Inc.</p>
Raul Tito A. Estrella	53	<p>AB Fiber Corp. Airmaverick Inc.</p>	Filipino	<p>President: Apex Dynasty Power Inc. (Chairman)</p>

<p>President, December 2021 to present</p> <p>Director, 2011 to present</p>		<p>ALK Holdings & Management, Inc. Apex Dynasty Power Inc. Countrybreeze Corporation Cyber Bay Corporation DBM Vircon Services (Philippines) Inc. (formerly PDC Asia Pacific Inc.) Evander Holdings Corporation Global Cast Asia Realty and Marine Services Inc Gracall International MNL, Inc. GSE Managed Solutions, Inc. Halfen-Moment Inc. High Garden Holding Corp. Luzon Petrofuels, Inc. Marbleslate Holdings, Inc. Pedalmax Holdings, Inc. Pixiedust Inc. Premuim Plus Investment Holdings, Inc. Skytrooper Charter Phils. Inc. Smart Access Holdings Inc. Sunshore Holdings Corporation TD Outsourcing Philippines, Inc.</p>		<p>Cyber Bay Corporation GSE Managed Solutions, Inc. Global Cast Asia Realty and Marine Services Inc. (Chairman) Highgarden Holding Corp. (Chairman) Marbleslate Holdings, Inc. (Chairman) Smart Access Holdings Inc. (Chairman) Sunshore Holdings Corporation (Chairman)</p> <p>Corporate Secretary: Asurion Compassion Forward Philippines, Foundation, Inc. DBM Vircon Services (Philippines) Inc. (formerly PDC Asia Pacific Inc.) Gracall International MNL, Inc. Pinterview International Philippines</p> <p>Treasurer: Evander Holdings Corporation</p> <p>Resident Agent: Goltens Philippines</p>
<p>Cheryl S. Saldaña- de Leon</p> <p>Director, October 2010 to present</p>	44	<p>AB Fiber Corp. Alliance Training Center Katipunan Corp. Amaranth East Holdings, Inc. AUEnergy, Inc. Aquos Vista, Inc. Boracay Island Transit System Corp. Calaca High Power Corporation Casa Prospero Holdings and Development Inc. Central Bay Reclamation and Development Corporation Cyber Bay Corporation DHI Group Inc. Countrybreeze Corporation Eforce Security Company, Inc. Eudaimonia Ohilosophies Inc. Frostfire Holdings, Inc. Global Cast Asia Realty and Marine Services Inc. Lone Truth Holdings, Inc. Monte Oro Grid Resources Corporation Onetaipan Holdings, Inc. Parilla Express Holdings Corporation Pacifica21 Holdings, Inc. Pedalmax Holdings, Inc. Privado Holdings Corp. Pook Ligaya Shell Inc. Prosegur Global Resources Holdings Philippines Inc. Prosegur Filipinas Holdings Corp. Sealoch Holdings, Inc. Sonny Shell, Inc. Smartventures Inc. Smart Access Holdings Inc.</p>	Filipino	<p>President: Amaranth East Holdings, Inc. (Chairman) Aquos Vista, Inc. (Chairman) Frostfire Holdings, Inc. (Chairman) Sealoch Holdings, Inc. (Chairman) Smartventures Inc. (Chairman) Spectrolite Ultra Power Corporation (Chairman)</p> <p>Treasurer: Pook Ligaya Shell Inc. Wiselink Investment Holdings, Inc.</p> <p>Corporate Secretary: AB Fiber Corp. Airy Mobi Technologies, Inc. Alliance Training Center Katipunan Corp. Armoured Transport Plus, Incorporated Boracay Island Transit System Corp. Calaca High Power Corporation Casa Prospero Holdings and Development Inc. Central Bay Reclamation and Development Corporation Cyber Bay Corporation E-CTK Solutions Inc. Ecofuel Land Development Inc. Fortress Armoured Transport, Inc. Global Cast Asia Realty and Marine Services Inc. Green Future Innovations, Inc. Island City Music Ph OPC Lone Truth Holdings Incorporated Monte Oro Grid Resources Corporation Onetaipan Holdings, Inc.</p>

		Spectrolite Ultra Power Corporation Sunspear Holdings, Inc. The Designer Boulanger Philippines Corporation Visayasolar, Inc. Wiselink Investment Holdings, Inc		Pacifica21 Holdings, Inc. Philippines Recorded Music Rights Inc. Pook Ligaya Shell Inc. Privado Holdings Corp. Prosegur Filipinas Holdings Corp. 1Renewable Earth Inc. Sonny Shell, Inc. Sunspear Holdings, Inc. Tawid Coheco Foundation <i>Corporate Secretary and Treasurer:</i> Prosegur Global Resources Holdings Philippines Inc. Wiselink Investment Holdings, Inc.
Patricia Ann L. Bulawit December 2022 to present	25	Central Bay Reclamation and Dev't. Corp. Cyber Bay Corporation	Filipino	Treasurer: Cyber Bay Corporation Central Bay Reclamation and Dev't. Corp.
Jose Martin A. Loon Director, January 2017 to present	36	Cyber Bay Corporation United Coconut Planters Life Assurance Corporation (COCOLIFE) COCOGEN Insurance, Inc. COCOPLANS, Inc. COCOLIFE Asset Management Co., Inc. (CAMCI) United Fund, Inc. COCOLIFE Dollar Fund Builder, Inc. COCOLIFE Fixed Income Fund, Inc. ULTRA Security Services, Inc.	Filipino	President & CEO of COCOLIFE Chairman of ULTRA Security Services, Inc. Yebra De Jesus and Loon Law Offices, Partner Vamos Holdings Inc., Consultant ZEE1 Resources Inc., Consultant
Evita C. Caballa Independent Director, December 2020 to present	56	Global 808 Investment Holdings, Inc. Skytrooper Charter Phils., Inc. Silvertides Holdings Coporation Pacific Nickel Philippines, Inc. Philnico Industrial Corporation Northpine Land, Inc. MDR Management Partners, Inc. Continental Sky Dynamics, Inc. Q-tech Alliance Holdings, Inc. 21 La Verde Holdings, Inc. Nine Dots Media Consulting Corporation Grand Asia Holdings, Inc.	Filipino	Corporate Secretary: Philippine Diamond Hotel and Resort Inc. Philippine Oriental Realty Development Inc. Bank of Commerce Skytrooper Charter Phils., Inc. Silvertides Holdings Corporation Q-tech Alliance Holdings, Inc. 21 La Verde Holdings, Inc. Nine Dots Media Consulting Corporation Grand Asia Holdings, Inc. Treasurer: Continental Sky Dynamics, Inc.
Luis A. Vera Cruz, Jr. Independent Director, January 2017 to present	72	Eagle Cement Corporation Agribusiness Rural Bank, Inc.	Filipino	Angara Abello Concepcion Regala & Cruz, Of Counsel San Miguel Corporation, Legal Consultant Chemical Industries of the Philippines, Inc., Corporate Secretary

<p>Rhogel S. Gandingco</p> <p>Independent Director, December 2017 to present</p>	<p>54</p>	<p>Fortman Cline Capital Markets Phils., Inc. Pacific Nickel Phils., Inc. Philnico Industrial Corporation</p>	<p>Filipino</p>	<p>21 La Verde Holdings, Inc., Chairman and President Sentro 88 Foods, Inc., Chairman and President Top Frontier Holdings Corp., President and Director Global 5000 Corporation, Treasurer and Director</p>
<p>Ryan V. Romero</p> <p>Director, March 2018 to present</p> <p>Corporate Secretary and Compliance Officer, July 2021 to present</p>	<p>40</p>	<p>Airy Mobi Corp. Alliance Training Center Katipunan Corp. Aquos Vista, Inc. Boracay Island Transit System Corp. Broadreach Media Holdings, Inc. Calor Philippines Holdings, Inc. Central Bay Reclamation and Development Corporation Cyber Bay Corporation Deltacrest Holdings, Inc. Dharma Holdings Corporation Edtech Corporation Fernwood Holdings, Inc. Forstfire Holdings, Inc. Grand Trackway Holdings, Inc. JRLT-JHI Corp. Kit Ben Holdings, Inc. Lagoonlight Holdings, Inc. Liquigaz Philippines Corporation Lone Truth Holdings Incorporated One Bacolod Express Holdings, Inc. Primera Comercio Holdings, Inc. Privado Holdings, Corp. Schutzengel Telecom, Inc. Secgen Construction and Development Corporation Serpentine Dragon Power Corporation Strategic Investment & Dev't. Holdings, Inc. Synergy Grid & Dev't Philippines, Inc.** Thunderbird Poro Development Ventures, Inc.** Transwood Holdings Incorporated Tri Harbeth Resources Corporation Valhalla Investment & Dev. Holdings, Inc. Visayasolar, Inc. .</p>	<p>Filipino</p>	<p>Chairman and President: Secgen Construction and Development Corporation Serpentine Dragon Power Corporation Transwood Holdings Incorporated</p> <p>President: Deltacrest Holdings, Inc.</p> <p>Corporate Secretary: Asian Unicorn Trading Ventures Corporation Broadreach Media Holdings, Inc. Calor Philippines Holdings, Inc. Cyber Bay Corporation Dharma Holdings Corporation First Vita Plus Marketing Corporation Frostfire Holdings, Inc. JRLT-JHI Corp. Liquigaz Philippines Corporation Paramount Executive Security Services Inc. Paramount Executive Protection Services Corp. Paramount Private Security Training Institute Inc. Schutzengel Telecom, Inc. TWA Inc.</p> <p>Treasurer: Alliance Training Center Katipunan Corp. Aquos Vista Holdings Inc. Lone Truth Holdings Incorporated Tri Harbeth Resources Corporation</p> <p>Corporate Secretary and Treasurer: Broadreach Media Holdings, Inc. Frostfire Holdings, Inc. One Bacolod Express Holdings, Inc.</p> <p>Assistant Corporate Secretary: Central Bay Reclamation and Development Corporation Ecofuel Land Development Inc. Green Future Innovations, Inc. Radio Philippines Network, Inc. Victoria Solar Energy Corporation Visayasolar, Inc.</p>

(2) Significant Employees

The Company has no employees.

(3) Family Relationships

The directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers are not related up to the fourth civil degree either by consanguinity or affinity.

(4) Involvement in Certain Legal Proceedings

There has been no occurrence of any of the following events during the past five years up to the latest date that are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer or control person of the Company:

- a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) Being subject to 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 involvement in any type of business, securities, commodities or banking activities and;
- d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(5) Certain Relationships and Related Transactions

There were no transactions or proposed transactions during the last two (2) years, or proposed transactions, to which the Corporation was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

- a) Any director or executive officer of the Corporation;
- b) Any nominee for election as a director;
- c) Any security holder named in response to 1.1 and 1.2 above;
- d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the persons in subparagraph 2.5 (a), (b) or (c) of this paragraph.

Please refer to Note 9 of the Consolidated Audited Financial Statements for the year ended 31 December 2021 for the summary of related party transactions.

(6) Resignation of Directors

No director has resigned or declined to stand for re-election for the Board due to any disagreement with the Corporation relative to its operations, policies or practices.

Item 10. Executive Compensation

Information as to the aggregate compensation paid or accrued during the last two completed fiscal years and ensuing year to the Company's Chief Executive Officer and four most highly compensated executive officers

SUMMARY COMPENSATION TABLE Year 2020-2022 Annual Compensation

Name and Principal Position	Year	Compensation	Bonuses	Other Compensation
The Directors/Officers of the Company are not receiving any form of compensation	2022 2021 2020	N.A.	N.A.	N.A.

10.1 Compensation of Directors

- (a) There is no standard arrangement pursuant to which directors of the Company are compensated or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments, for the last completed fiscal year and the ensuing year.
- (b) There are no other arrangements, including consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

There is no action to be taken with regard to the following:

- (a) any bonus, profit sharing, or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Company will participate;
- (b) any pension or retirement plan in which any person will participate; or
- (c) granting or extension to any such person of any options, warrants or rights to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (As of 31 December 2022)

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
Common	PCD Nominee Corp. (Filipino) 37/F Tower I The Enterprise Center 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	*	Filipino	2,021,472,039	29.70%
Common	Primera Comercio Holdings, Inc. 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City	Record Holder same as Beneficial Owner	Filipino	1,462,000,000	21.48%
Preferred	Primera Comercio Holdings, Inc. 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City	Record Holder same as Beneficial Owner	Filipino	4,858,590,825	75.12%
Preferred	One Bacolod Express Holdings, Inc. 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City	Record Holder same as Beneficial Owner	Filipino	1,609,359,778	24.88%

* There are no beneficial owners under PCD Nominee Corporation which holds more than 5% shares in the Company.

The following represent for each of the above named company:

- Primera Comercio Holdings, Inc. Jose A. Wingkee, Jr.

(2) Security Ownership of Management (Other than Nominees)
(as of 31 December 2022)

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Maria Farah Z.G. Nicolas-Suchianco	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Raul Tito Maxelmo A. Estrella	999 (direct) 0 (indirect)	Filipino	0.00001%
Common	Cheryl S. Saldaña-de Leon	994 (direct) 0 (indirect)	Filipino	0.00001%
Common	Ryan V. Romero	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Evita C. Caballa	200,001 (direct) 0 (indirect)	Filipino	0.00000%
Common	Rhogel S. Gandingco	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Patricia Ann L. Bulawit	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Jose Martin A. Loon	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Luis A. Vera Cruz, Jr.	1 (direct) 0 (indirect)	Filipino	0.00000%
Total		202,000 shares		0.00002%

(3) Voting Trust Holders of 5% or More

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

(4) Changes in Control

There are no arrangements, which may result in changes in control of Company, during the period covered by this Form 17-A.

Item 12. Certain Relationships and Related Transactions

There were no transactions or proposed transactions during the last two years, or proposed transactions, to which the Company was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

- (a) Any director or executive officer of the Company;
- (b) Any nominee for election as a director;
- (c) Any security holder named above; and
- (d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the officers, directors, or a security holder of the Company.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Further to the Securities and Exchange Commission's Memorandum Circular No. 10, Series of 2019, the Company's Material Related Party Transactions Policy was filed last 02 March 2020.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-A

(1) **Exhibits** – See accompanying Index to Exhibits

(2) **Reports on SEC Form 17-C**

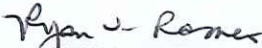
- a. 03 August 2022 – Postponement of Annual Meeting
- b. 09 November 2022 – Procedure for Annual Stockholders Meeting
- c. 23 December 2022 – Results of Annual Stockholders' Meeting and Organizational Meeting

Signatures

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on the 28 April 2023.


MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Chairperson


RAUL TITO MAXELMO A. ESTRELLA
President



RYAN V. ROMERO
Corporate Secretary/ Compliance Officer


PATRICIA ANN L. BULAWIT
Treasurer

SUBSCRIBED AND SWORN to before me this 28 April 2023 in Pasig City, affiants exhibiting to me the following:

Name	CTC/ Passport No. / SSS No. Date and Place of Issuance	Competent Evidence of Identity
Maria Farah Z.G. Nicolas-Suchianco	CTC No. 7238246 issued on 07 January 2023/Pasig	TIN 165-102-272
Raul Tito Maxelmo A. Estrella	CTC No. 7238247 issued on 07 January 2023/Pasig	TIN 150-130-441
Ryan V. Romero	CTC No. 7238606 issued on 07 January 2023/Pasig	TIN 218-165-895
Patricia Ann L. Bulawit	SSS No. 34-7301322-3	TIN 344-033-564

Doc. No. 245;
 Page No. 50;
 Book No. III;
 Series of 2023.


GILDE MIKEE D. FLORENDO
 Notary Public for the Cities of Pasig, San Juan
 And Municipality of Pateros
 Commission until 31 December 2023
 2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
 APPT No. 38 (2022-2023) – Roll No. 71852
 PTR No. 0163323; 01-09-2023; Pasig City
 IBP No. 293378; 01-10-2023; Makati
 MCLE Compliance No. VI-0013723; 10-12-2018



cyberbay corporation <cyberbay12345@gmail.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: CYBERBAY12345@gmail.com
Cc: CYBERBAY12345@gmail.com

Tue, May 2, 2023 at 11:46 PM

Hi CYBER BAY CORP,

Valid files

- EAFS000157237ITRTY122022.pdf
- EAFS000157237AFSTY122022.pdf
- EAFS000157237RPTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-75765KJ50C7E9C66Q1ZTT4Y207KCK68H9**
Submission Date/Time: **May 02, 2023 11:46 PM**
Company TIN: **000-157-237**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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C O V E R S H E E T
for
A U D I T E D F I N A N C I A L S T A T E M E N T S

SEC Registration Number

									1	6	5	5	3	9

COMPANY NAME

C	Y	B	E	R		B	A	Y		C	O	R	P	O	R	A	T	I	O	N		A	N	D		A				
S	U	B	S	I	D	I	A	R	Y																					

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

S	u	i	t	e		2	4	0	2	,		D	i	s	c	o	v	e	r	y		C	e	n	t	r	e			
A	D	B		A	v	e	n	u	e	,		O	r	t	i	g	a	s		C	e	n	t	e	r					
P	a	s	i	g		C	i	t	y																					

Form Type

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

Department requiring the report

--

Secondary License Type, If Applicable

--

COMPANY INFORMATION

Company's email Address

NONE

Company's Telephone Number/s

--

Mobile Number

NONE

No. of Stockholders

624

Annual Meeting (Month / Day)

December 22

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Cheryl S. Saldana-De Leon Fatima Joy Hernandez

Email Address

loydeleon@gselawfirm.com fatima@gsemsi.com

Telephone Number/s

633-9757

Mobile Number

--

CONTACT PERSON'S ADDRESS

24 th Floor GSE Law, Suite 2402, Discovery Centre, ADB Avenue, Ortigas Center, Pasig City
--

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



CYBER BAY CORPORATION

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

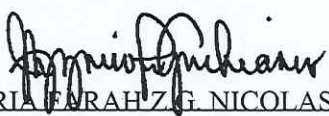
The management of **CYBER BAY CORPORATION AND A SUBSIDIARY (the Group)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting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


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


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

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

R.G. Manabat and Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


MARIA FARAHIZ G. NICOLAS-SUCHIANCO
Chairman of the Board


RAUL TITO MAXELMO A. ESTRELLA
President



PATRICIA ANN L. BULAWIT
Treasurer

Signed this 2nd day of May 2023

MAY 03 2023

This is to certify on ___ day of _____ 2022, that I have examined the original document and that this photocopy is a faithful reproduction of the same.

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Series of 2022.


JULIA HANNA E. SORIANO
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2024
2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 228 (2023-2024) – Roll No. 80926
PTR No. 0163325; 01-10-2023; Pasig City
IBP No. 293369; 01-10-2023; RSM
MCLE Compliance N/A; (Admitted to the Bar in 2022)

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022, 2021 and 2020

With Independent Auditors' Report



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Cyber Bay Corporation and a Subsidiary (“the Group”), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive loss, consolidated statements of changes in capital deficiency and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes, comprising significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

We draw attention to Note 1 to the consolidated financial statements. Central Bay Reclamation and Development Corporation (the “Subsidiary”) entered into a Joint Venture (JV) Agreement with the Philippine Reclamation Authority (PRA), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the “Project”) and has made significant investments in the Project. However, the Supreme Court declared that the JV Agreement was null and void. The Subsidiary filed motions for reconsideration which were denied by the Supreme Court.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Due to the cessation of the Project, the Group was not able to honor its loan commitments and has incurred significant losses from accumulating interests and penalties.

The accumulated deficit as at December 31, 2022 and 2021 amounted to P11.291 billion and P11.391 billion, respectively. The Group's capital deficiency as at December 31, 2022 and 2021 amounted P1.419 billion and P1.519 billion, respectively. Despite declaring the JV Agreement null and void, the Supreme Court decision provides that the Subsidiary is not precluded from recovering from the PRA in the proper proceedings whatever costs the Subsidiary may have incurred in implementing the JV Agreement prior to its declaration of nullity. Pursuant to thereto, the Group filed a claim on December 13, 2010 for a reimbursement of said costs with the PRA amounting to P11.528 billion.

On October 14, 2016, the Subsidiary and the PRA entered into a Compromise Agreement where the PRA shall cede to the Subsidiary parcels of land with value equal to the validated claim of the Subsidiary amounting to P1.027 billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition filed by the Group with the Commission on Audit (COA) and any other claims arising from or in connection with the JV Agreement.

On November 22, 2016, the Subsidiary and the PRA filed with COA a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement. On May 23, 2019, the COA rendered a decision declaring the Compromise Agreement as invalid, and partially granted the Subsidiary's money claims against the PRA amounting to P714.9 million (the "Decision"), subject to availability of funds and the usual accounting and auditing rules and regulations. On July 25, 2019, a Motion for Reconsideration on the Decision was filed by the Subsidiary with the COA.

On July 30, 2020, the Subsidiary received a notice dated June 28, 2020 on the resolution of COA denying the Motion for Reconsideration filed by the Subsidiary. On August 19, 2020, the Subsidiary filed a Petition for Certiorari (the "Petition") with the Supreme Court praying that the COA resolution be reversed and set aside, and that the Compromise Agreement dated October 14, 2016 be approved and adopted. On September 8, 2020, the Supreme Court required the COA and the PRA to comment on the Petition. The COA filed its Comment to the Supreme Court on February 3, 2021. In response to the directive of the Supreme Court, the Subsidiary submitted on April 23, 2021 its reply to the Comment of COA. The PRA subsequently filed on September 30, 2021, a Motion to Admit with attached Manifestation and Comment. The PRA substantially adopted in its Comment the findings of the COA that only the amount of P714.9 million may be allowed as supported by original documents or evidence. On the mode of payment to Central Bay, the PRA manifested that it shall endeavor to pay in cash whatever the Supreme Court finds Central Bay to be entitled to, after due proceedings.

In a Decision dated April 5, 2022, the Supreme Court declared the Compromise Agreement between Central Bay and the PRA void for being contrary to the 1987 Constitution, Executive Order No. 292, Administrative Code of 1987, and the Government Auditing Code of the Philippines. Further, the Supreme Court disallowed Central Bay's money claims except for the amount of P714.9 million representing advance payment for the reclamation and project development. Central Bay then filed a Motion for Reconsideration dated December 15, 2022.



In a Resolution dated February 7, 2023, the Supreme Court denied with finality Central Bay's Motion for Reconsideration dated December 15, 2022, and affirmed the COA's Decision granting the Central Bay's money claims in the total amount of P714.9 million. In the Notice, it stated that Entry of Judgment will be made immediately.

As stated in Noted 1, subsequent to the close of the calendar year, or on February 7, 2023, the Supreme Court rendered final judgment that the Central Bay may only recover the amount of P714.9 million. The timing of the recovery of the amount of claim from the PRA is dependent on various government processes and funding requirements and availability. Pursuant to the Government Auditing Code of the Philippines, such claim will have to be filed with the COA. Management intends to use the judgment award for future business and development ventures and sustain the administrative operations of the Group. The timing of payment of the reimbursement pursuant to the Supreme Court Decision is undeterminable at this point because Central Bay must first file a petition for enforcement and payment of award which will go through the usual accounting and auditing rules and procedures. The COA Decision, as affirmed by the Supreme Court En Banc, Central Bay's petition for money claim was partially granted in the amount of P714.9 million, subject to availability of funds and the usual accounting and auditing rules and regulations.

Note 1 further provides that to execute, Central Bay must first seek the COA's approval of the money claim despite the rendition of a final and executory judgment validating said money claim from the PRA. Its filing with the COA is a condition *sine qua non* before payment can be effected. To further emphasize the determinability of the timing of payment, disbursements of public funds must be covered by the corresponding appropriation as required by law. The ability of the Group to implement its plans to continue as going concern entities largely depends on the timing of the release of reimbursement pursuant to the Supreme Court decision which is subject to multiple uncertainties arising from the various regulatory processes that the claim for payment has to undergo.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Philippine Standards on Auditing and to issue an auditors' report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.



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.

The engagement partner on the audit resulting in this independent auditors' report is Mr. John Molina.

R.G. MANABAT & CO.

JOHN MOLINA

Partner

CPA License No. 0092632

SEC Accreditation No. 92632-SEC, Group A, valid for five (5) years
covering the audit of 2020 to 2024 financial statements

Tax Identification No. 109-916-107

BIR Accreditation No. 08-001987-023-2022

Issued June 2, 2022; valid until June 2, 2025

PTR No. MKT 9563836

Issued January 3, 2023 at Makati City

May 2, 2023

Makati City, Metro Manila

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	2022	2021
ASSETS			
Current Assets			
Cash in banks	4	P1,190	P1,060
Receivables - net	4, 5	714,938	611,850
Prepaid income tax		581	581
Total Current Assets		716,709	613,491
Noncurrent Assets			
Project development cost:	1, 6		
Cost		-	6,612,964
Allowance for impairment in value		-	(6,612,964)
Other noncurrent assets - net	4, 7	2,013	1,779
Total Noncurrent Assets		2,013	1,779
		P718,722	P615,270
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accounts payable and accrued expenses	4, 8	P21,732	P21,634
Amounts owed to related parties	4, 9	2,115,583	2,112,757
Total Liabilities		2,137,315	2,134,391
Capital Deficiency			
Capital stock	10	6,970,081	6,970,081
Additional paid-in capital	10	2,902,073	2,902,073
Deficit	1	(11,290,747)	(11,391,275)
Total Capital Deficiency		(1,418,593)	(1,519,121)
		P718,722	P615,270

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

		Years Ended December 31		
	<i>Note</i>	2022	2021	2020
REVENUES				
Interest income		P1	P1	P1
EXPENSES				
General and administrative expenses	<i>11</i>	2,561	2,077	2,312
OTHER INCOME (EXPENSE)				
Reversal of impairment losses	<i>6</i>	414,938	-	-
Write-off of receivable	<i>5</i>	(311,850)	-	-
		103,088	-	-
NET INCOME (LOSS)/TOTAL COMPREHENSIVE INCOME (LOSS)				
		P100,528	(P2,076)	(P2,311)
BASIC AND DILUTED INCOME (LOSS) PER SHARE				
	<i>13</i>	P0.0148	(P0.0003)	(P0.0003)

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
(Amounts in Thousands, Except Par Value and Number of Shares)

	Years Ended December 31						
	Note	2022		2021		2020	
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
CAPITAL STOCK	10						
Preferred stock - P0.10 par value Authorized - 7,000,000,000 shares Preferred shares issued and outstanding at beginning and end of year		6,467,950,603	P646,795	6,467,950,603	P646,795	6,467,950,603	P646,795
Common shares - P1 par value Authorized - 7,300,000,000 shares Common shares issued and outstanding Subscribed shares (net of subscriptions receivable of P483,593)		5,985,061,853 821,817,000	5,985,062 338,224	5,985,061,853 821,817,000	5,985,062 338,224	5,985,061,853 821,817,000	5,985,062 338,224
Balance at beginning and end of year		6,806,878,853	6,323,286	6,806,878,853	6,323,286	6,806,878,853	6,323,286
			6,970,081		6,970,081		6,970,081
ADDITIONAL PAID-IN CAPITAL							
Balance at beginning and end of year	10		2,902,073		2,902,073		2,902,073
DEFICIT							
Balance at beginning of year			(11,391,275)	(11,389,199)		(11,386,888)	
Net income (loss)/total comprehensive income (loss) for the year			100,528	(2,076)		(2,311)	
Balance at end of year			(11,290,747)	(11,391,275)		(11,389,199)	
			(P1,418,593)	(P1,519,121)		(P1,517,045)	

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	<i>Note</i>	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		P100,528	(P2,076)	(P2,311)
Adjustments for:				
Reversal of impairment losses	6	(414,938)	-	-
Write-off of receivables	5	311,850	-	-
Interest income		(1)	(1)	(1)
Operating loss before working capital changes		(2,561)	(2,077)	(2,312)
Increase (decrease) in accounts payable and accrued expenses		98	(672)	569
Increase in other noncurrent assets		(234)	(184)	(234)
Net cash absorbed by operations		(2,697)	(2,933)	(1,977)
Interest received		1	1	1
Net cash used in operating activities		(2,696)	(2,932)	(1,976)
CASH FLOW FROM A FINANCING ACTIVITY				
Proceeds of cash advances from related parties	9	2,826	1,572	4,337
NET INCREASE (DECREASE) IN CASH IN BANKS		130	(1,360)	2,361
CASH IN BANKS AT BEGINNING OF YEAR	4	1,060	2,420	59
CASH IN BANKS AT END OF YEAR	4	P1,190	P1,060	P2,420

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands)

1. Reporting Entity and Status of Operations

a. Reporting Entity

Cyber Bay Corporation (the “Parent Company”) and its subsidiary, Central Bay Reclamation and Development Corporation (“Central Bay” or “Subsidiary”) [collectively referred to as the “Group”] were incorporated in the Philippines.

Parent Company

The Parent Company was incorporated in 1989 and is involved in real estate development (except real estate subdivision) and reclamation. The Parent Company’s shares are listed at the Philippine Stock Exchange (PSE) under the stock symbol “CYBR” since March 19, 1991.

The registered office address of the Parent Company is at Suite 2402, Discovery Centre, ADB Avenue, Ortigas Center, Pasig City.

Subsidiary

The Subsidiary was registered with the Philippine Securities and Exchange Commission (SEC) on December 5, 1994 to engage in real estate development (except real estate subdivision) and reclamation. As at December 31, 2022, the Subsidiary has no commercial operations. However, it is not subject to the provision in Section 21 of the Revised Corporation Code of the Philippines (Republic Act No. 11232), Effects on Non-Use of Corporate Charter and Continuous Inoperation, since the failure to organize or commence the transactions of its businesses or the construction of its works or to continuously operate is due to causes beyond the control of the Subsidiary.

Section 11 of the Revised Corporation Code states that a corporation shall have perpetual existence unless the articles of incorporation provides otherwise. Corporations with certificates of incorporation issued prior to the effectivity of the Revised Corporation Code, and which continue to exist, shall have the perpetual existence, unless the corporation, upon vote of its stockholders representing a majority of its outstanding capital stock, notifies the SEC that it elects to retain its specific corporate term pursuant to its articles of incorporation: Provided, that any change in the corporate term under this section is without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Revised Corporation Code.

Update on Operations of the Group

On April 25, 1995, the Subsidiary entered into a Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") consisting of three partially reclaimed and substantially eroded islands (the "Three Islands") along Emilio Aguinaldo Boulevard in Paranaque and Las Piñas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at the Subsidiary's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area. The Subsidiary proceeded with the implementation of the Project after having obtained all the government licenses, environmental and other permits and approvals necessary for the reclamation.

On March 30, 1996, the Parent Company, the Subsidiary and certain shareholders of the Subsidiary entered into a Memorandum of Agreement which involved the restructuring of the Parent Company and the consolidation of certain businesses and assets of the Parent Company and the Subsidiary.

The restructuring of the Parent Company entailed the transfer to Prime Orion Philippines, Inc. (POPI) of the Parent Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty, Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Parent Company of 4 billion shares of stock (with par value P1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of P100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Parent Company assumed full ownership of the Subsidiary, including the latter's JVA with the PRA to reclaim the "Three Islands" with a total area of 750 hectares along Manila Bay as its new property core holding.

However, as ruled and decided by the Supreme Court on July 9, 2002 and after filing for motion for reconsideration and motion for re-deliberation, the JVA is considered to be null and void *ab initio* on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed of by the PRA to private corporations.

Despite the nullity of the JVA, the Subsidiary is not precluded by the Supreme Court from recovering from the PRA, costs and expenses incurred in implementing the JVA prior to its nullification.

The Subsidiary has spent a considerable amount on the Project which continues to be charged with interest costs. Without prejudice to any other rights and remedies to which the Subsidiary may be entitled to pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and the Subsidiary pursued the filing of the claims with the PRA for the reimbursements of the total project development cost, project-related receivables and the corresponding interest thereon.

On August 10, 2007, the Parent Company, on behalf of the Subsidiary, filed its claim for reimbursement with the PRA amounting to P10.23 billion for the initial payment of all costs, losses, liabilities and expenses computed as at December 31, 2006. On August 17, 2007, the PRA requested for the details and supporting documents of the claims which the Parent Company provided on September 5, 2007.

On July 15, 2008, the Parent Company requested for an update on the status of the claim, and on July 18, 2008, the PRA responded that it is still evaluating the claim with the supporting documents submitted by the Parent Company.

On November 20, 2009, the Parent Company, through a letter sent to the PRA, demanded for the payment of approximately P13.4 billion. This amount represents all costs, losses, liabilities and expenses incurred by the Subsidiary computed as at September 2009 pursuant to the JVA.

On February 8, 2010, the PRA, through a letter, informed the Subsidiary that based on the books and records of the PRA, it was able to verify a total amount of P1.004 billion of the Subsidiary's claims which are still subject to audit by the Commission on Audit (COA). In this regard, the Subsidiary is directed to furnish PRA with a duly certified details of the said amount including all supporting documents, official receipts and other proof of payments as well as audited financial statements. The Subsidiary provided the requested documents on March 5, 2010. Management intends to cooperate with the PRA in order to process its claims.

On December 13, 2010, the Subsidiary filed a petition with the COA to claim for reimbursement the revised amount of P11.5 billion (from the initial claim of P13.4 billion) and not P1.004 billion as initially verified by the PRA. Considering that the PRA has already validated and acknowledged the Subsidiary's claim for reimbursement amounting to P1.004 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. The Subsidiary and the PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Parent Company's claim for reimbursement for project costs. The Subsidiary has submitted its final report on November 8, 2011.

On February 3, 2014, the PRA informed the Subsidiary that it has verified an additional amount for reimbursement bringing the total validated amount to P1.027 billion.

On October 14, 2016, the Subsidiary and the PRA entered into a Compromise Agreement where the PRA shall cede to the Subsidiary parcels of land with value equal to the Subsidiary's validated claim of P1.027 billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition with the COA and any other claims arising from or in connection with the JVA.

On November 22, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement with the COA. On May 23, 2019, the COA rendered a decision declaring the Compromise Agreement as invalid, and partially granted the Subsidiary's money claims against the PRA amounting to P714.9 million (the "Decision"), subject to availability of funds and the usual accounting and auditing rules and regulations. On July 25, 2019, a Motion for Reconsideration on the Decision was filed by the Subsidiary with the COA.

On July 30, 2020, the Subsidiary received a notice dated June 28, 2020 that the COA issued a resolution to deny the Motion for Reconsideration filed by the Subsidiary. On August 19, 2020, the Subsidiary filed a Petition for Certiorari (the "Petition") with the Supreme Court praying that the COA resolution be reversed and set aside, and that the Compromise Agreement dated October 14, 2016 be approved and adopted. On September 8, 2020, the Supreme Court required the COA and the PRA to comment on the Petition. On December 16, 2020, the Subsidiary received a Motion for Extension dated December 7, 2020 filed by the Office of the Solicitor General (OSG) praying that he be granted an additional extension of sixty days from December 12, 2020 or until February 10, 2021 to file the Comment on the Petition.

On February 4, 2021, the Subsidiary received a Supreme Court resolution dated January 5, 2021 granting the OSG's Motion for Extension. On February 17, 2021, the Subsidiary received the COA's Comment dated February 3, 2021. On March 22, 2021, the Subsidiary received a Supreme Court resolution dated March 2, 2021 requiring the Subsidiary to file a Reply to the COA's Comment which the later filed on April 23, 2021.

The PRA subsequently filed a Motion to Admit with attached Manifestation and Comment dated September 30, 2021. In its Motion, the PRA prayed that the Supreme Court admit its Comment which was belatedly filed. The PRA substantially adopted the findings of the COA as its Comment on the Subsidiary's Petition for Certiorari. Specifically, while it confirmed that the PRA-validated claim amounted to P1.004 billion, it echoed the COA's findings that only the amount of P714.9 million may be allowed as supported by original documents or evidence.

On the mode of payment to the Subsidiary, the PRA manifested that it shall endeavor to pay in cash whatever the Supreme Court finds the Subsidiary to be entitled to, after due proceedings.

In a Decision dated April 5, 2022, the Supreme Court declared the Compromise Agreement between the Subsidiary and the PRA void for being contrary to the 1987 Constitution, Executive Order No. 292, Administrative Code of 1987, and the Government Auditing Code of the Philippines. Further, the Supreme Court disallowed the Company's money claims except for the amount of P714.9 million representing advance payment for the reclamation and project development. The Subsidiary then filed a Motion for Reconsideration dated December 15, 2022.

In a Resolution dated February 7, 2023, subsequent to the close of the calendar year, the Supreme Court denied with finality the Subsidiary's Motion for Reconsideration dated December 15, 2022, and affirmed the COA's Decision granting the Company's money claims in the total amount of P714.9 million. In the Notice, it stated that Entry of Judgment will be made immediately

b. Status of Operations

For the years 2022, 2021 and 2020, the Group continues to reduce its operational expenses and, through the efforts of its limited personnel and utilizing very restricted resources, the Group was able to consolidate all the records pertaining to the Project from its local and foreign partners.

Due to the cessation of the Project, the Group failed to honor its loan commitments and has incurred significant losses from accumulating interest costs and penalties. Net losses incurred for the years ended December 31, 2021 and 2020 amounted to P2.1 million and P2.3 million, respectively. As at December 31, 2022 and 2021, the Group has a deficit amounting to P11.291 billion and P11.391 billion, respectively and a capital deficiency amounting to P1.419 billion and P1.519 billion, respectively.

Subsequent to the close of the calendar year, or on February 7, 2023, the Supreme Court rendered final judgment that the Subsidiary may only recover the amount of P714.9 million. The timing of the recovery of the amount of claim from the PRA is dependent on various government processes and funding requirements and availability. Pursuant to the Government Auditing Code of the Philippines, such claim will have to be filed with the COA. Management intends to use the judgment award for future business and development ventures and sustain the administrative operations of the Group. Accordingly, the consolidated financial statements are prepared on a going-concern basis. The timing of payment of the reimbursement pursuant to the Supreme Court Decision is undeterminable at this point because Central Bay must first file a petition for enforcement and payment of award which will go through the usual accounting and auditing rules and procedures. The COA Decision, as affirmed by the Supreme Court En Banc, Central Bay's petition for money claim was partially granted in the amount of P714.9 million, subject to availability of funds and the usual accounting and auditing rules and regulations.

To execute, Central Bay must first seek the COA's approval of the money claim despite the rendition of a final and executory judgment validating said money claim from the PRA. Its filing with the COA is a condition *sine qua non* before payment can be effected. To further emphasize the determinability of the timing of payment, disbursements of public funds must be covered by the corresponding appropriation as required by law. The ability of the Group to implement its plans to continue as going concern entities largely depends on the timing of the release of reimbursement pursuant to the Supreme Court decision which is subject to multiple uncertainties arising from the various regulatory processes that the claim for payment has to undergo.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements include the accounts of the Parent Company and Central Bay, its wholly-owned subsidiary, and have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations, issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements as at and for the year ended December 31, 2022 were approved and authorized for issuance by the Board of Directors (BOD) on May 2, 2023.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis of accounting.

Basis of Consolidation

A subsidiary is an entity controlled by the Parent Company. In accordance with PFRS 10, *Consolidated Financial Statements*, control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the Subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements are prepared for the same reporting period using uniform accounting policies for like transactions and other events in similar circumstances.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the functional currency of the Parent Company. All financial information are rounded off to the nearest thousand Philippine peso, except when otherwise indicated.

Use of Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

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

Judgments

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

Going Concern

The Group has reported a deficit amounting to P11.291 billion and P11.391 billion as at December 31, 2022 and 2021, respectively. The ability of the Group to continue as going concern entities will depend on the timing of the release of reimbursement pursuant to the Supreme Court decision which is subject to multiple uncertainties arising from the various regulatory processes that the claim for payment has to undergo, and on the success of any future business that the Group may undertake. Management assessed that the Subsidiary will be able to recover a sufficient amount of the Subsidiary's claims to allow the Parent Company and the Subsidiary to operate on a going concern basis. Accordingly, these consolidated financial statements are prepared on a going concern basis.

Provisions and Contingencies

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account. As at December 31, 2022 and 2021, the Group does not have any legal or constructive obligations that require provision.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of Expected Credit Loss (ECL) on Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for receivables. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL is not material because management and its legal counsel believe that the receivable is recoverable. The amount is supported by a Supreme Court decision granting the reimbursement of COA-verified expenses that benefited the PRA (Notes 1 and 5). Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its receivables.

As at December 31, 2022 and 2021, the Group's allowance for impairment losses on receivables amounted to P128.0 million. In 2022, pursuant to the Decision of Supreme Court relative to the final amount of claim from the PRA, the Company has written off P311.8 million representing the unrecoverable advances to PRA (Note 5).

As at December 31, 2022 and 2021, the Group's allowance for impairment losses on receivables from related parties amounted to P0.2 million (Note 7).

Fair Value Measurements. The Group uses market observable data when measuring the fair value of an asset or liability. Where the fair values of financial assets and financial liabilities recognized in the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Group uses judgments to select from a variety of valuation models and make assumptions regarding considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

Estimating Allowance for Impairment Losses on Nonfinancial Assets

The Group assesses impairment on project development costs, other noncurrent assets and other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

As discussed in Note 1, the Group has spent a considerable amount on the Project. However, due to the nullity of the JVA and the uncertainty of the claims from the PRA, the Group provided allowance for impairment in the value of the project development cost. As at December 31, 2021, allowance for impairment losses on project development cost amounted to P6.613 billion. In 2022, considering the finality of Supreme Court Decision, the unrecoverable balance of project development cost and the excess of acquisition cost over the net assets of the Subsidiary amounting to P2.605 billion and P3.593 billion, respectively was written-off (Note 6).

As at December 31, 2022 and 2021, allowance for impairment losses on other noncurrent assets amounted to P3.0 million (Note 7).

Estimating Realizability of Deferred Tax Assets

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

As at December 31, 2022 and 2021, deferred tax assets in respect of temporary differences and unused net operating loss carryover (NOLCO) have not been recognized because management believes that the Group may not have sufficient future taxable profits available to allow all or part of these deferred income tax assets to be utilized (Note 12).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Adoption of Amendment to Standards

The Company has adopted the following amendment to standards and starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards of which the following is applicable to the Group:
 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
- Reference to the Conceptual Framework (Amendment to PFRS 3, *Business Combinations*). The amendments:
 - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
 - added a requirement that, for transactions and other events within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
 - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Amended Standards Not Yet Adopted

A number of amended standards are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- Disclosure of Accounting Policies (Amendments to PAS 1 *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgments*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (*Amendments to PAS 12, Income Taxes*). The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.
- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (*Amendments to PAS 1*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent.

Financial Instruments

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

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as financial assets at fair value through profit or loss (FVPL), includes transaction costs.

Financial Assets

Classification and Subsequent Measurement. The Group classifies its financial assets at the initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the Group:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Group has no financial assets at FVOCI and financial assets at FVPL as at December 31, 2022 and 2021.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the financial asset is derecognized, modified or impaired.

The Group's cash in banks and receivables are included under this category.

Financial Liabilities

The Group classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group has no financial liabilities at FVPL as at December 31, 2022 and 2021.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

The Group's accounts payable and accrued expenses and amounts owed to related parties are included under this category.

Derecognition of Financial Assets and Liabilities

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

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

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

Impairment of Financial Assets

The Group recognizes allowance for ECL on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of comprehensive income.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

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

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

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

Offsetting Financial Instruments

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

Project Development Cost

Project development cost consists of costs directly and clearly associated with the acquisition, development and construction of the Project, less any impairment in value. It includes project mobilization costs, billings from contractors for project and land development, payments to the PRA, borrowing costs incurred during the construction period, professional and legal fees, documentary stamps, foreign exchange losses and other expenses.

Prepaid income tax

Prepaid income tax pertains to the prior year excess tax credits which can be applied against future income tax due.

Impairment of Nonfinancial Assets

The carrying amount of nonfinancial assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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. Impairment losses of continuing operations are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Parent Company's option, and any dividends within equity upon approval by the Parent Company's BOD.

Preferred shares are classified as liability if they are redeemable on a specific date or at the option of the stockholders, or if dividend payments are not discretionary. Dividends thereon are recognized as "interest expense" in the consolidated statements of comprehensive income as accrued.

Additional Paid-in Capital

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" 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 are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings (Deficit)

Retained earnings (deficit) represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

Revenue Recognition

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The following specific recognition criteria must also be met before revenue is recognized:

Interest Income

Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Other Income is recognized when earned during the period.

Expense Recognition

The consolidated financial statements are prepared on the accrual basis of accounting. Under this basis, expenses are recognized when they are incurred and are reported in the consolidated financial statements in the periods to which they relate.

Borrowing Costs

Borrowing costs are recognized as expenses when incurred, except to the extent capitalized. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Income Taxes

Income tax expense is comprised of current and deferred tax and is recognized in the consolidated statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefit of NOLCO. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

Related Parties

Parties are considered 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.

Earnings (Loss) Per Share

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

Diluted earnings (loss) per share is computed by adjusting the net income (loss) for the year attributable to equity holders of the Parent Company and the weighted average number of issued and outstanding common shares during the year, for the effects of all dilutive common shares.

The Group has no potential common shares with dilutive effect.

Provisions

Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) 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 assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

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

Events After the Reporting Date

Any event after the reporting date that provides evidence of conditions that existed at the end of the reporting date (adjusting event) is recognized in the consolidated financial statements. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the consolidated financial statements when material.

4. Financial Risk Management

The Group's activities are exposed to a variety of financial risks. These are credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group.

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

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework, and for the development and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk arises principally from cash in banks, receivables, and security deposits. Management and its legal counsel believe that the receivable from the PRA is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002), which provides for the reimbursement of expenses that directly benefited the PRA.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the face of the consolidated statements of financial position or in the notes to the consolidated financial statements, as summarized below.

	<i>Note</i>	2022	2021
Cash in banks		P1,190	P1,060
Receivables - net	5	714,938	611,850
		P716,128	P612,910

The credit quality of the Group's financial assets classified into credit grades as of December 31, 2022 and 2021 are as follows:

2022

	High Grade	Standard Grade	Low Grade	Total
Cash in banks	P1,190	P -	P -	P1,190
Receivables	-	714,938	128,034	842,972
Receivables from related parties	-	-	196	196
Security deposits	-	-	140	140
	P1,190	P714,938	P128,370	P844,498

2021

	High Grade	Standard Grade	Low Grade	Total
Cash in banks	P1,060	P -	P -	P1,060
Receivables	-	611,850	128,034	739,884
Receivables from related parties	-	-	196	196
Security deposits	-	-	140	140
	P1,060	P611,850	P128,370	P741,280

High grade financial assets are those assessed as having minimal credit risk, otherwise, they are of standard quality.

As at December 31, 2022 and 2021, the credit quality of the Group's financial assets were determined as follows:

- Cash in banks - high grade, given that the credit risk for cash in banks is considered negligible, since the counterparties are reputable entities with high quality external credit rating.
- Receivables - high grade pertains to receivables that are secured or covered with collaterals; standard grade pertains to receivables that are unsecured but with good paying habits; low-grade pertains to receivables that are unsecured and with allowance for the collectability.

The table below presents the summary of the Group's exposure to credit risk as of December 31, 2022 and 2021 and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

2022

	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not Credit Impaired	Lifetime ECL - Credit impaired	
Cash in banks	P1,190	P -	P -	P1,190
Receivables	-	714,938	128,034	842,972
Receivables from related parties	-	-	196	196
Security deposits	-	-	140	140
	P1,190	P714,938	P128,370	P844,498

2021

	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not Credit Impaired	Lifetime ECL - Credit impaired	
Cash in banks	P1,060	P -	P -	P1,060
Receivables	-	611,850	128,034	739,884
Receivables from related parties	-	-	196	196
Security deposits	-	-	140	140
	P1,060	P611,850	P128,370	P741,280

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to the possibility that adverse changes in the business environment and/or operations would result in substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

As discussed in Note 1, the ability of the Group to continue as a going concern will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any future business that the Group may undertake.

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

As at December 31, 2022						
Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year	
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	8	P21,687	P21,687	P21,687	P -	P -
Due to related parties	9	2,115,583	2,115,583	2,115,583	-	-
		P2,137,270	P2,137,270	P2,137,270	P -	P -

*Excluding withholding tax payable amounting to P47

As at December 31, 2021						
Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year	
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	8	P21,587	P21,587	P21,587	P -	P -
Due to related parties	9	2,112,757	2,112,757	2,112,757	-	-
		P2,134,344	P2,134,344	P2,134,344	P -	P -

*Excluding withholding tax payable amounting to P78

Fair Values Sensitivity Analysis for Fixed-rate Instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair Values

The carrying amounts of financial assets and liabilities approximate their fair values as at December 31, 2022 and 2021.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash in Banks and Receivables

The carrying amounts of cash in banks and receivables approximate their fair values due to the relatively short-term maturities of these financial assets. Receivables are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Security Deposits

The carrying amounts of security deposits approximate their fair values since the Group does not anticipate the carrying amount to be significantly different from the actual values that these would eventually be collected. These are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Accounts Payable and Accrued Expenses and Amounts Owed to Related Parties

The carrying amounts of accounts payable and accrued expenses and due to related parties approximate their fair values due to the relatively short-term maturities of these financial liabilities.

Capital Management

As discussed in Note 1 to the consolidated financial statements, significant events have occurred which indicate the existence of a material uncertainty which casts significant doubt about the ability of the Group to continue as going concern. The ability of the Group to continue as going concern will depend on the recoverability of the Group's claims for reimbursement from the PRA and on the success of any future business that the Group may undertake.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses and amounts owed to related parties. Total equity comprises capital stock, additional paid-in capital and deficit.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally-imposed capital requirements.

5. Receivables

As at December 31, 2022 and 2021, this account consists of receivables from:

	Note	2022	2021
PRA		P714,938	P611,850
MCRP Construction Corporation		114,460	114,460
Tenants		7,327	7,327
Others		6,247	6,247
	4	842,972	739,884
Less allowance for impairment losses on:			
MCRP Construction Corporation		114,460	114,460
Tenants		7,327	7,327
Others		6,247	6,247
		128,034	128,034
		P714,938	P611,850

The movements in receivable from PRA

	<i>Note</i>	2022	2021
Balance, January 1		P611,850	P611,850
Advances written off		(311,850)	-
Reversal	6	414,938	-
		P714,938	P611,850

The above receivables are all currently due and demandable from the debtors.

As at December 31, 2022, no impairment loss was recognized on the Subsidiary's receivable from the PRA, which arose from claims for reimbursements of reclamation costs and expenses paid by the Subsidiary on behalf of the PRA. Management and its legal counsel believe that the receivable is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002) which provides for the reimbursement of expenses that directly benefited the PRA (Note 1).

In 2022, pursuant to the Decision of Supreme Court relative to the final amount of claim from the PRA, the Company has written off P311.8 million representing the unrecoverable advances to PRA and reported as "Write-off of receivables" in the 2022 statement of comprehensive income. On the other hand, the Subsidiary recognized receivable from the PRA amounting P714.9 million representing the amount of claim approved the Supreme Court (Notes 1 and 6). The approved claim is broken down as follows:

	<i>Note</i>	2022
Advances to PRA		P300,000
Project development cost	6	414,938
		P714,938

6. Project Development Cost

As at December 31, 2022 and 2021, this account consists of:

	2022	2021
Excess of acquisition cost over net assets of the Subsidiary	P -	P3,592,757
Project development cost:		
Professional and legal fees	-	1,128,566
Project and land development costs	-	1,107,434
Capitalized interest and bank charges	-	472,318
Project mobilization costs	-	254,736
Input tax	-	53,949
Documentary stamp tax	-	3,204
		6,612,964
Less allowance for impairment in value of:	-	
Project development cost	-	3,020,207
Excess of acquisition cost over net assets of the Subsidiary	-	3,592,757
	-	6,612,964
	P -	P -

The excess of the Parent Company's acquisition cost of the shares of stock of the Subsidiary over the net assets of the Subsidiary pertains to the unbooked appraisal increase relative to the Three Islands, as discussed in Note 1. This appraisal increase was based on an independent appraisers' report dated March 20, 1996. The Hypothetical Development Approach in valuing the property was used in the appraisal.

Pursuant to the finality of the Supreme Court Decision on the case of the Subsidiary and the PRA (Note 1), the amount has been written off in 2022.

Movement in allowance for impairment losses on project development cost is as follows:

	Note	2022	2021
Balance at beginning of year		P3,020,207	P3,202,207
Reversal	5	(414,938)	-
Write-off		(2,605,269)	-
		P -	P3,020,207

A portion of allowance for impairment amounting to P414.9 million has been reversed in 2022 and is reclassified as "Receivable" following the finality of the Supreme Court Decision on the Company's claim from the PRA (Notes 1 and 5). The reversal is presented as "Reversal of impairment losses" in the 2022 statement of comprehensive income. The remaining balance representing the unrecoverable amount of project development cost is then written-off.

7. Other Noncurrent Assets

This account consists of:

	Note	2022	2021
Prepaid taxes		P4,696	P4,462
Receivables from related parties	4, 9	196	196
Security deposits	4	140	140
Others		30	30
		5,062	4,828
Less allowance for impairment losses on:			
Prepaid taxes		2,693	2,693
Receivables from related parties		196	196
Security deposits		140	140
Others		20	20
		3,049	3,049
		P2,013	P1,779

Prepaid taxes consist of input taxes and tax refund.

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2022	2021
Accrued expenses	4	P19,748	P19,648
Payable to a third party	4	1,939	1,939
Withholding tax payable		45	47
		P21,732	P21,634

Accrued expenses represent liabilities to suppliers for various expenses incurred by the Group. The settlement of this account is highly dependent on the collection of claims from the PRA.

Payable to a third party pertains to non-interest bearing advances from a certain company.

9. Related Party Transactions

In the ordinary course of business, the Group has transactions with related parties summarized as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances Due to Related Parties	Terms and Conditions
Shareholders					
<u>POPI</u>					
Cash advance	2022	a	P -	P6,968	Due and demandable; interest bearing
	2021		-	6,968	
Interest expense	2022	a	-	18,460	Due and demandable; interest bearing
	2021		-	18,460	
<u>Other Shareholders</u>					
Cash advance	2022	a	-	31,850	Due and demandable; interest bearing
	2021		-	31,850	
Interest expense	2022	a	-	2,031,173	Due and demandable; interest bearing
	2021		-	2,031,173	
<u>Primera Comercio Holding, Inc. (Primera)</u>					
Cash advance	2022	b	2,826	25,096	Due and demandable; non-interest bearing
	2021		1,572	22,270	
<u>Italian Thai</u>					
Cash advance	2022	c	-	2,036	Due and demandable; non-interest bearing
	2021		-	2,036	
	2022			P2,115,583	
	2021			P2,112,757	

- a) Cash advances from POPI and other shareholders bear interest at 15% per annum, compounded annually until fully paid. The payment terms are stipulated in the Repayment Agreement for such advances and were approved by the BOD on March 14, 2003.

At the option of the above shareholders, the advances shall be settled and paid according to any or a combination of the following:

- In cash by the Parent Company;

- In common shares of the Parent Company, through the issuance, at par value, by the Parent Company of new common shares. Under this option, the shareholder must exercise his right to convert the Project-related payable into common shares of the Parent Company when the weighted average market price of the shares within a 30 trading day period is at P0.95 or above, at a price approximate to the par value of the shares; and
- Through assignment by the Parent Company of all its rights, titles and interest in and to any salable portion of the reclaimed land in the Project, as identified by the above shareholders and subject to the BOD's approval.

In 2016, the Parent Company and the other shareholders entered into an agreement wherein the interest due on the advances under the Repayment Agreement will be waived and will no longer accrue starting in 2016 until the advances are fully paid, except for advances from POPI. Accordingly, in 2018, the Parent Company and the other shareholders entered into same agreement and the interest pertaining to advances from POPI will no longer accrue starting 2018.

- b) The Parent Company obtains non-interest bearing cash advances from Primera to support its day-to-day operations. These advances are payable on demand. As at December 31, 2022 and 2021, Primera has not provided options for the Parent Company's settlement of the advances.
- c) The Parent Company obtains non-interest bearing cash advances from Italian Thai to be settled in cash. These advances are due and demandable as at December 31, 2022 and 2021.
- d) The Group has no key management personnel compensation in 2022, 2021 and 2020. Management function is handled by a related party without any charge.

As at December 31, 2022 and 2021, the Group has receivables from related parties amounting to P0.2 million which is fully provided with allowance for impairment losses (Note 7).

Unless otherwise stated, outstanding balances of due to related parties are expected to be settled in cash.

10. Capital Stock

Common Stock

The Parent Company had its only public offering for common stocks in 1991. Common stock issued since the public offering amounted to P6.16 billion divided into 6.16 billion shares. These shares are registered with the SEC and traded in the PSE.

Preferred Stock

The preferred stock which may be issued in tranches or series, is redeemable at the option of the Parent Company, non-voting, entitled to preferential and cumulative dividends at a rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications consistent with the Parent Company's By-laws and the Articles of Incorporation, as may be fixed by the BOD at the time of their issuance.

As a result of the conversion of payables to equity on November 13, 2012, the Parent Company issued shares in full settlement of payable to stockholders amounting to P647.0 million and loan payable amounting to P3.6 billion. The additional paid-in capital, net of direct transaction costs, amounted to P2.9 billion. Direct transaction costs for the issuance of shares amounted to P9.08 million.

The table below shows the equivalent number of common and preferred shares issued to the stockholders of the Parent Company in relation to the conversion of debt to equity:

Stockholders	Number of Shares	
	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera	167,578,190	4,858,590,825
Cosco Land Corporation	56,132,206	-
David Go Securities Corporation	42,924,628	-
POPI	15,666,405	-
	646,878,853	6,467,950,603

In 2005, the BOD also approved the conversion to equity of the Parent Company's payable to POPI and Orion Land, Inc. (a wholly-owned subsidiary of POPI) amounting to P44.5 million and P2.4 million, respectively, as partial payment for their subscriptions. The application for conversion of debt to equity has not been filed with the SEC as at December 31, 2022.

11. General and Administrative Expenses

This account consists of:

	2022	2021	2020
Professional fees	P2,197	P1,606	P1,936
Listing fee and filing fee	250	253	269
Taxes and licenses	31	34	36
IT expenses	10	10	11
Office supplies	1	3	11
Meetings and conferences	-	140	42
Others	72	31	7
	P2,561	P2,077	P2,312

"Others" includes various penalties charged by the SEC and various expenses incurred relative to PRA claims.

12. Income Taxes

The reconciliation of income tax benefit computed at the statutory income tax rate to income tax expense in profit or loss follows:

	2022	2021	2020
Income (loss) before income tax	P100,528	(P2,076)	(P2,311)
Income tax benefit at statutory rate of 25% in 2022 and 2021 and 30% in 2020	P25,132	(P519)	(P693)
Reductions in (additions to) income tax benefit resulting from:			
Nontaxable income	(103,735)	-	-
Nondeductible expenses	77,963	-	-
Movement in unrecognized deferred tax assets	640	519	693
	P -	P -	P -

Deferred tax assets on the following deductible temporary differences and unused NOLCO have not been recognized as the Group may not have sufficient taxable income in the future to realize the benefits of the related deferred tax assets.

	2022	2021
Allowance for impairment losses on project development cost	P -	P6,612,964
Allowance for impairment losses on receivables NOLCO	128,034	128,034
	6,940	6,016
Allowance for non-recoverability of other noncurrent assets	3,049	3,049
	P138,023	P6,750,063

As at December 31, 2022, the Group's NOLCO which could be applied against future taxable income and deduction against future income tax payable, respectively, is as follows:

Year Incurred	Amount Incurred	Expired During the Year	Remaining Balance	Year of Expiration
2019	P1,636	(P1,636)	P -	2022
2020	2,312	-	2,312	2025
2021	2,068	-	2,068	2026
2022	2,560	-	2,560	2025
	P8,576	(P1,636)	P6,940	

Bayanihan to Recover as One Act

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act (RA) No. 11494 ("Bayanihan to Recover as One Act"), relative to NOLCO which provides that the net operating loss of a 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 years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five (5) consecutive table years following the year such loss was incurred.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the President of the Philippines has approved the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Group:

- a. Corporate income tax (CIT) rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
- b. Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

The corporate income tax of the Group was lowered from 30% to 25% effective July 1, 2020.

Considering that the Group has no income tax expense due to net taxable loss position and has unrecognized deferred tax assets, management has assessed that the effects of reduction in CIT and MCIT rates has no impact on the consolidated financial statements.

13. Basic and Diluted Loss Per Share

The following table represents information necessary to calculate loss per share:

	2022	2021	2020
Net income (loss) (a)	P100,528	(P2,076)	(P2,311)
Weighted average number of shares (b)	6,806,879	6,806,879	6,806,879
Basic and diluted loss per share (a/b)	P0.0148	(P0.0003)	(P0.0003)

As at December 31, 2022, 2021 and 2020, there are no dilutive debt or equity instruments.



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

We were engaged to audit, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cyber Bay Corporation and a Subsidiary (the “Group”), as at December 31, 2022 and 2021 and for each of the three years ended December 31, 2022, on which we have rendered our report dated May 2, 2023.

We were engaged for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following schedules are the responsibility of the Group’s management:

- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of the Conglomerate

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not a required part of the consolidated financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraphs of our report on the consolidated financial statements, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

R.G. MANABAT & CO.

JOHN MOLINA

Partner

CPA License No. 0092632

SEC Accreditation No. 92632-SEC, Group A, valid for five (5) years
covering the audit of 2020 to 2024 financial statements

Tax Identification No. 109-916-107

BIR Accreditation No. 08-001987-023-2022

Issued June 2, 2022; valid until June 2, 2025

PTR No. MKT 9563836

Issued January 3, 2023 at Makati City

May 2, 2023

Makati City, Metro Manila

CYBER BAY CORPORATION AND A SUBSIDIARY
Annex 68-J Schedules
December 31, 2022

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B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	2
D	Long-term Debt	N/A*
E	Indebtedness to Related Parties	3
F	Guarantees of Securities of Other Issuers	N/A*
G	Capital Stock	4
H	Reconciliation of Retained Earnings Available for Dividend Declaration	5

**The Group has no balance of these accounts as at December 31, 2022.*

SCHEDULE C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

(Amounts in Thousands)

Name and designation of debtor	Balance at the beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Advances							
Central Bay Reclamation and Development Corporation	P5,266,358	P195	-	P -	P -	P5,266,553	P5,266,553

SCHEDULE E. Indebtedness to Related Parties

(Amounts in Thousands)

Name of related party	Balance December 31, 2022	Balance December 31, 2021
Primera Comercio Holdings, Inc.	P25,097	P22,270
Italian Thai (BVI) Int'l.	2,036	2,036
POPI	25,428	25,428
Other Shareholders	2,063,023	2,063,023
	P2,115,584	P2,112,757

SCHEDULE G. Capital Stock

(Amounts in Thousands)

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
PREFERRED STOCK	7,000,000	6,467,951	-	4,858,591	-	1,609,360
COMMON STOCK	7,300,000	6,806,879	-	1,647,564	-	5,159,315
	14,300,000	13,274,830	-	6,506,155	-	6,768,675

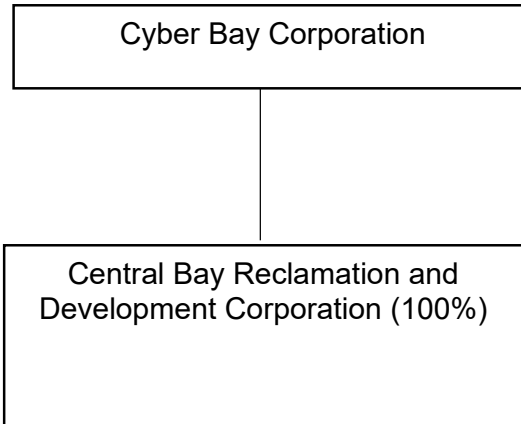
SCHEDULE H. Reconciliation of Retained Earnings Available for Dividend Declaration

CYBER BAY CORPORATION
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS AT DECEMBER 31, 2022
(Amounts in Thousands)

Unappropriated Retained Earnings (Deficit), as adjusted to available for dividend distribution, beginning	(P11,378,521)
Net income actually earned during the period	
Net loss during the period closed to Retained Earnings (Deficit)	(2,365)
Unappropriated Retained Earnings (Deficit) available for dividend declaration, ending	(P11,380,886)

CYBER BAY CORPORATION AND A SUBSIDIARY

MAP OF CONGLOMERATE





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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

We were engaged to audit, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cyber Bay Corporation and a Subsidiary (the Group), as at December 31, 2022 and 2021 and each of the three years in the years ended December 31, 2022, and have issued our report dated May 2, 2023.

We were engaged for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for the purpose of complying with the Revised 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.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
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financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for the three years in the years ended December 31, 2022. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraphs of our report on the consolidated financial statements, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

R.G. MANABAT & CO.

JOHN MOLINA

Partner

CPA License No. 0092632

SEC Accreditation No. 92632-SEC, Group A, valid for five (5) years
covering the audit of 2020 to 2024 financial statements

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Issued June 2, 2022; valid until June 2, 2025

PTR No. MKT 9563836

Issued January 3, 2023 at Makati City

May 2, 2023

Makati City, Metro Manila

**CYBER BAY CORPORATION AND A SUBSIDIARY
FINANCIAL SOUNDNESS INDICATORS**

As of December 31, 2022

(Amounts are in '000s except for ratios)

Ratio	Formula	Current Year	Prior Year
Current ratio	Total Current Assets divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>P716,709</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>2,137,315</div> </div> <hr style="width: 50%; margin-left: 0;"/> <div style="display: flex; justify-content: space-between;"> <div>Current ratio</div> <div>0.335</div> </div>	0.335	0.287
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Quick Assets: <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>P716,709</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Inventories</div> <div>-</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Other Current Assets</div> <div>-</div> </div> <hr style="width: 50%; margin-left: 0;"/> <div style="display: flex; justify-content: space-between;"> <div></div> <div>716,709</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>2,137,315</div> </div> <hr style="width: 50%; margin-left: 0;"/> <div style="display: flex; justify-content: space-between;"> <div>Acid test ratio</div> <div>0.335</div> </div>	0.335	0.287
Solvency ratio	Net Income and Non-cash Expenses divided by Total Liabilities	N/A*	N/A*
Debt to equity ratio	Total Liabilities divided by Total Equity (Capital Deficiency) <div style="display: flex; justify-content: space-between;"> <div>Total Liabilities</div> <div>P2,137,315</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Capital Deficiency</div> <div>(1,418,593)</div> </div> <hr style="width: 50%; margin-left: 0;"/> <div style="display: flex; justify-content: space-between;"> <div>Debt to equity ratio</div> <div>(1.506)</div> </div>	(1.506)	(1.405)
Asset to equity ratio	Total Assets divided by Total Equity (Capital Deficiency) <div style="display: flex; justify-content: space-between;"> <div>Total Assets</div> <div>P718,722</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Capital Deficiency</div> <div>(1,418,593)</div> </div> <hr style="width: 50%; margin-left: 0;"/> <div style="display: flex; justify-content: space-between;"> <div>Asset to equity ratio</div> <div>(0.507)</div> </div>	(0.507)	(0.405)
Interest rate coverage ratio	Income from Operations divided by Bank Interest Expense and Other Financing Charges	N/A*	N/A*

Ratio	Formula	Current Year	Prior Year
Return on equity	Net Income (Loss) divided by Total Equity (Capital Deficiency) Net Income P100,528 Divide by: Capital Deficiency (1,418,593) <hr/> Return on equity (0.071)	(0.071)	(0.001)
Return on assets	Net Income (Loss) divided by Total Assets Net Loss P100,528 Divide by: Total Assets P718,722 <hr/> Return on assets (0.140)	(0.140)	(0.003)
Net profit margin	Net Income divided by Net Sales	N/A*	N/A*

*The Group has no operations as at December 31, 2022 and 2021.

CYBER BAY CORPORATION

SEPARATE FINANCIAL STATEMENTS
December 31, 2022 and 2021

With Independent Auditors' Report



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cyber Bay Corporation
Suite 2402 Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

Report on the Audit of the Separate Financial Statements

Disclaimer of Opinion

We were engaged to audit the separate financial statements of Cyber Bay Corporation (the “Company”), which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of comprehensive loss, separate statements of changes in capital deficiency and separate statements of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying separate financial statements of the Company. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these separate financial statements.

Basis for Disclaimer of Opinion

We draw attention to Note 1 to the separate financial statements. The Company’s wholly-owned Subsidiary, Central Bay Reclamation and Development Corporation (“Central Bay”), entered into a Joint Venture (JV) Agreement with the Philippine Reclamation Authority (PRA), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the “Project”) and has made significant investments in the Project. However, the Supreme Court declared that the JV Agreement was null and void. Central Bay filed motions for reconsideration which were denied by the Supreme Court.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Due to the cessation of the Project, the Company was not able to honor its loan commitments and incurred significant losses from accumulating interests and penalties.

The accumulated deficit as at December 31, 2022 and 2021 amounted to P11.381 billion and P11.379 billion, respectively. The capital deficiency as at December 31, 2022 and 2021 amounted to P1.509 billion and P1.506 billion, respectively. Despite declaring the JV Agreement null and void, the Supreme Court decision provides that the Company is not precluded from recovering from the PRA in the proper proceedings whatever costs the Company may have incurred in implementing the JV Agreement, prior to its declaration of nullity. Pursuant to thereto, the Company filed a claim on December 13, 2010 for a reimbursement of said costs with the PRA amounting to P11.528 billion.

On October 14, 2016, Central Bay and the PRA entered into a Compromise Agreement where the PRA shall cede to Central Bay parcels of land with value equal to the validated claim of Central Bay amounting to P1.027 billion. In exchange, Central Bay shall waive all other claims which is the subject of the pending petition filed with the Commission on Audit (COA) and any other claims arising from or in connection with the JV Agreement.

On November 22, 2016, Central Bay and the PRA filed with COA a Joint Motion for Judgment (“Joint Motion”) based on the Compromise Agreement. On May 23, 2019, the COA rendered a decision declaring the Compromise Agreement as invalid, and partially granted Central Bay’s money claims against the PRA amounting to P714.9 million (the “Decision”), subject to availability of funds and the usual accounting and auditing rules and regulations. On July 25, 2019, a Motion for Reconsideration on the Decision was filed by Central Bay with the COA.

On July 30, 2020, Central Bay received a notice dated June 28, 2020 on the resolution of COA denying the Motion for Reconsideration filed by Central Bay. On August 19, 2020, Central Bay filed a Petition for Certiorari (the “Petition”) with the Supreme Court praying that the COA resolution be reversed and set aside, and that the Compromise Agreement dated October 14, 2016 be approved and adopted. On September 8, 2020, the Supreme Court required the COA and the PRA to comment on the Petition. The COA filed its Comment to the Supreme Court on February 3, 2021. In response to the directive of the Supreme Court, Central Bay submitted on April 23, 2021 its reply to the Comment of COA. The PRA subsequently filed on September 30, 2021, a Motion to Admit with attached Manifestation and Comment. The PRA substantially adopted in its Comment the findings of the COA that only the amount of P714.9 million may be allowed as supported by original documents or evidence.

On the mode of payment to Central Bay, the PRA manifested that it shall endeavor to pay in cash whatever the Supreme Court finds Central Bay to be entitled to, after due proceedings.

In a Decision dated April 5, 2022, the Supreme Court declared the Compromise Agreement between Central Bay and the PRA void for being contrary to the 1987 Constitution, Executive Order No. 292, Administrative Code of 1987, and the Government Auditing Code of the Philippines. Further, the Supreme Court disallowed Central Bay’s money claims except for the amount of P714.9 million representing advance payment for the reclamation and project development. Central Bay then filed a Motion for Reconsideration dated December 15, 2022.



As stated in Noted 1, subsequent to the close of the calendar year, or on February 7, 2023, the Supreme Court rendered final judgment that the Central Bay may only recover the amount of P714.9 million. The timing of the recovery of the amount of claim from the PRA is dependent on various government processes and funding requirements and availability. Pursuant to the Government Auditing Code of the Philippines, such claim will have to be filed with the COA. Management intends to use the judgment award for future business and development ventures and sustain the administrative operations of the Company and Central Bay. The timing of payment of the reimbursement pursuant to the Supreme Court Decision is undeterminable at this point because Central Bay must first file a petition for enforcement and payment of award which will go through the usual accounting and auditing rules and procedures. The COA Decision, as affirmed by the Supreme Court En Banc, Central Bay's petition for money claim was partially granted in the amount of P714.9 million, subject to availability of funds and the usual accounting and auditing rules and regulations.

Note 1 further provides that to execute, Central Bay must first seek the COA's approval of the money claim despite the rendition of a final and executory judgment validating said money claim from the PRA. Its filing with the COA is a condition *sine qua non* before payment can be effected. To further emphasize the determinability of the timing of payment, disbursements of public funds must be covered by the corresponding appropriation as required by law. The ability of the Company and Central Bay to implement its plans to continue as going concern entities largely depends on the timing of the release of reimbursement pursuant to the Supreme Court decision which is subject to multiple uncertainties arising from the various regulatory processes that the claim for payment has to undergo.

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our responsibility is to conduct an audit of the Company's separate financial statements in accordance with Philippine Standards on Auditing and to issue an auditors' report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these separate financial statements.

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



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

We were engaged for the purpose of forming an audit opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 13 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraphs, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The engagement partner on the audit resulting in this independent auditors' report is Mr. John Molina.

R.G. MANABAT & CO.

JOHN MOLINA

Partner

CPA License No. 0092632

SEC Accreditation No. 92632-SEC, Group A, valid for five (5) years
covering the audit of 2020 to 2024 financial statements

Tax Identification No. 109-916-107

BIR Accreditation No. 08-001987-023-2022

Issued June 2, 2022; valid until June 2, 2025

PTR No. MKT 9563836

Issued January 3, 2023 at Makati City

May 2, 2023

Makati City, Metro Manila



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING
WITH THE BUREAU OF INTERNAL REVENUE**

The Board of Directors and Stockholders
Cyber Bay Corporation
Suite 2402 Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

We were engaged to audit the accompanying separate financial statements of Cyber Bay Corporation (the "Company") as at and for the year ended December 31, 2022, on which we have rendered our report dated May 2, 2023.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

R.G. MANABAT & CO.

JOHN MOLINA
Partner
CPA License No. 0092632
SEC Accreditation No. 92632-SEC, Group A, valid for five (5) years
covering the audit of 2020 to 2024 financial statements
Tax Identification No. 109-916-107
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Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
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SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2022	2021
ASSETS			
Current Assets			
Cash in banks	4	P1,190,577	P1,060,089
Noncurrent Assets			
Investment in and receivables from a subsidiary - net	4, 6	613,013,138	612,818,662
Other noncurrent assets - net	4, 7	2,013,070	1,779,321
Total Noncurrent Assets		615,026,208	614,597,983
		P616,216,785	P615,658,072
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accounts payable and accrued expenses	4, 8	P9,366,021	P9,268,021
Amounts owed to related parties	4, 9	2,115,582,991	2,112,757,254
Total Liabilities		2,124,949,012	2,122,025,275
Capital Deficiency			
Capital stock	10	6,970,081,395	6,970,081,395
Additional paid-in capital	10	2,902,072,772	2,902,072,772
Deficit	1	(11,380,886,394)	(11,378,521,370)
Capital Deficiency		(1,508,732,227)	(1,506,367,203)
		P616,216,785	P615,658,072

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE LOSS

		Years Ended December 31	
	<i>Note</i>	2022	2021
REVENUE			
Interest income		P1,015	P1,068
EXPENSES			
General and administrative	<i>11</i>	2,366,039	1,865,901
NET LOSS/TOTAL COMPREHENSIVE LOSS	1	(P2,365,024)	(P1,864,833)

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

Years Ended December 31					
	Note	2022		2021	
		Number of Shares	Amount	Number of Shares	Amount
CAPITAL STOCK					
Preferred stock - P0.10 par value					
Authorized - 7,000,000,000 shares					
Issued and outstanding		6,467,950.603	P646,795,060	6,467,950,603	P646,795,060
Common shares - P1 par value					
Authorized - 7,300,000,000 shares					
Issued and outstanding		5,985,061,853	5,985,061,853	5,985,061,853	5,985,061,853
Subscribed shares (net of subscriptions receivable of P483,592,518)		821,817,000	338,224,482	821,817,000	338,224,482
Balance at end of year	10	821,817,000	338,224,482	821,817,000	338,224,482
			6,970,081,395		6,970,081,395
ADDITIONAL PAID-IN CAPITAL			2,902,072,772		2,902,072,772
DEFICIT					
Balance at beginning of year			(11,378,521,370)		(11,376,656,537)
Net loss/total comprehensive loss for the year	1		(2,365,024)		(1,864,833)
Balance at end of year	1		(11,380,886,394)		(11,378,521,370)
			(P1,508,732,227)		(P1,506,367,203)

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	<i>Note</i>	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before income tax		(P2,365,024)	(P1,864,833)
Adjustments for:			
Interest income		(1,015)	(1,068)
Operating loss before working capital changes		(2,366,039)	(1,865,901)
Increase in other noncurrent assets		(233,749)	(184,062)
Increase (decrease) in accounts payable and accrued expenses		98,000	(682,254)
Cash absorbed by operations		(2,501,788)	(2,732,217)
Interest received		1,015	1,068
Net cash used in operating activities		(2,500,773)	(2,731,149)
CASH FLOWS FROM AN INVESTING ACTIVITY			
Increase in receivables from a subsidiary		(194,476)	(200,873)
CASH FLOW FROM A FINANCING ACTIVITY			
Proceeds of cash advances from related parties		2,825,737	1,572,280
NET INCREASE (DECREASE) IN CASH IN BANKS		130,488	(1,359,742)
CASH IN BANKS AT BEGINNING OF YEAR	<i>4</i>	1,060,089	2,419,831
CASH IN BANKS AT END OF YEAR	<i>4</i>	P1,190,577	P1,060,089

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity and Status of Operations

a. Reporting Entity

Cyber Bay Corporation (Cyber Bay or the "Parent Company") was incorporated in the Philippines in 1989. Cyber Bay is involved in real estate development (except real estate subdivision) and reclamation. The registered office address of Cyber Bay is at Suite 2402 Discovery Centre, ADB Avenue, Ortigas Center, Pasig City.

Section 11 of the Revised Corporation Code states that a corporation shall have perpetual existence unless the articles of incorporation provides otherwise. Corporations with certificates of incorporation issued prior to the effectivity of the Revised Corporation Code, and which continue to exist, shall have the perpetual existence, unless the corporation, upon vote of its stockholders representing a majority of its outstanding capital stock, notifies the Securities and Exchange Commission (SEC) that it elects to retain its specific corporate term pursuant to its articles of incorporation: Provided, that any change in the corporate term under this section is without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the Revised Corporation Code.

On March 30, 1996, the Parent Company, Central Bay Reclamation and Development Corporation (Central Bay or the "Subsidiary") and certain shareholders of Central Bay entered into a Memorandum of Agreement which involved the restructuring of the Parent Company and the consolidation of certain businesses and assets of the Parent Company and the Subsidiary.

The restructuring of the Parent Company entailed the transfer to Prime Orion Philippines, Inc. (POPI) of the Parent Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty, Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Parent Company of 4 billion shares of stock (with par value P1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of P100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Parent Company assumed full ownership of the Subsidiary, including the latter's Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA) (formerly known as the Public Estates Authority) entered into on April 25, 1995. This is for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") consisting of three partially reclaimed and substantially eroded islands (the "Three Islands") along Emilio Aguinaldo Boulevard in Parañaque and Las Piñas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at the Subsidiary's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area. The Subsidiary proceeded with the implementation of the Project after having obtained all the government licenses, environmental and other permits and approvals necessary for the reclamation.

With the project, the Parent Company is afforded a unique flagship waterfront development; at 750 hectares, it is intended to be a substantial fully integrated township that can spearhead the redevelopment of the Manila Bay in tandem with the government's progressive Bay City Development.

However, as ruled and decided by the Supreme Court on July 9, 2002 and after filing for motion for reconsideration and motion for re-deliberation, the JVA is considered to be null and void *ab initio* on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed of by the PRA to private corporations.

Despite the nullity of the JVA, the Subsidiary is not precluded by the Supreme Court from recovering from the PRA, costs and expenses incurred in implementing the JVA prior to its nullification.

The Subsidiary has spent a considerable amount on the Project which continues to be charged with interest costs. Without prejudice to any other rights and remedies to which the Subsidiary may be entitled to pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and the Subsidiary pursued the filing of the claims with the PRA for the reimbursements of the total project development cost, project-related receivables and the corresponding interest thereon.

On August 10, 2007, the Parent Company, on behalf of the Subsidiary, filed its claim for reimbursement with the PRA amounting to P10.23 billion for the initial payment of all costs, losses, liabilities and expenses computed as at December 31, 2006. On August 17, 2007, the PRA requested for the details and supporting documents of the claims which the Parent Company provided on September 5, 2007.

On July 15, 2008, the Parent Company requested for an update on the status of the claim and on July 18, 2008, the PRA responded that it is still evaluating the claim with the supporting documents submitted by the Parent Company.

On November 20, 2009, the Parent Company, through a letter sent to the PRA, demanded for the payment of approximately P13.4 billion. This amount represents all costs, losses, liabilities and expenses incurred by the Subsidiary computed as at September 2009 pursuant to the JVA.

On February 8, 2010, the PRA, through a letter, informed the Subsidiary that based on the books and records of the PRA, it was able to verify a total amount of P1.004 billion of the Subsidiary's claims which are still subject to audit by the Commission on Audit (COA). In this regard, the Subsidiary is directed to furnish PRA with duly certified details of the said amount including all supporting documents, official receipts and other proof of payments as well as audited financial statements. The Subsidiary provided the requested documents on March 5, 2010. Management intends to cooperate with the PRA in order to process its claims.

On December 13, 2010, the Subsidiary filed a petition with the COA to claim for reimbursement the revised amount of P11.5 billion (from the initial claim of P13.4 billion) and not P1.004 billion as initially verified by the PRA. Considering that the PRA has already validated and acknowledged the Subsidiary's claim for reimbursement amounting to P1.004 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. The Subsidiary and the PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Parent Company's claim for reimbursement for project costs. The Subsidiary submitted its final report on November 8, 2011.

On February 3, 2014, the PRA informed the Subsidiary that it has verified an additional amount for reimbursement bringing the total validated amount to P1.027 billion.

On October 14, 2016, the Subsidiary and the PRA entered into a Compromise Agreement where the PRA shall cede to the Subsidiary parcels of land with value equal to the Subsidiary's validated claim of P1.027 billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition filed with the COA and any other claims arising from or in connection with the JVA.

On November 22, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement with the COA. On May 23, 2019, the COA rendered a decision declaring the Compromise Agreement as invalid, and partially granted the Subsidiary's money claims against the PRA amounting to P714.9 million (the "Decision"), subject to availability of funds and the usual accounting and auditing rules and regulations. On July 25, 2019, a Motion for Reconsideration on the Decision was filed by the Subsidiary with the COA.

On July 30, 2020, the Subsidiary received a notice dated June 28, 2020 that the COA issued a resolution to deny the Motion for Reconsideration filed by the Subsidiary. On August 19, 2020, the Subsidiary filed a Petition for Certiorari (the "Petition") with the Supreme Court praying that the COA resolution be reversed and set aside, and that the Compromise Agreement dated October 14, 2016 be approved and adopted. On September 8, 2020, the Supreme Court required the COA and the PRA to comment on the Petition. On December 16, 2020, the Subsidiary received a Motion for Extension dated December 7, 2020 filed by the Office of the Solicitor General (OSG) praying that he be granted an additional extension of sixty days from December 12, 2020 or until February 10, 2021 to file the Comment on the Petition.

On February 4, 2021, the Subsidiary received a Supreme Court resolution dated January 5, 2021 granting the OSG's Motion for Extension. On February 17, 2021, the Subsidiary received the COA's Comment dated February 3, 2021. On March 22, 2021, the Subsidiary received a Supreme Court resolution dated March 2, 2021 requiring the Subsidiary to file a Reply to the COA's Comment which the later filed on April 23, 2021.

The PRA subsequently filed a Motion to Admit with attached Manifestation and Comment dated September 30, 2021. In its Motion, the PRA prayed that the Supreme Court admit its Comment which was belatedly filed. The PRA substantially adopted the findings of the COA as its Comment on the Subsidiary's Petition for Certiorari. Specifically, while it confirmed that the PRA-validated claim amounted to P1.004 billion, it echoed the COA's findings that only the amount of P714.9 million may be allowed as supported by original documents or evidence.

On the mode of payment to the Subsidiary, the PRA manifested that it shall endeavor to pay in cash whatever the Supreme Court finds the Subsidiary to be entitled to, after due proceedings.

In a Decision dated April 5, 2022, the Supreme Court declared the Compromise Agreement between the Company and the PRA void for being contrary to the 1987 Constitution, Executive Order No. 292, Administrative Code of 1987, and the Government Auditing Code of the Philippines. Further, the Supreme Court disallowed the Subsidiary's money claims except for the amount of P714.9 million representing advance payment for the reclamation and project development. The Subsidiary then filed a Motion for Reconsideration dated December 15, 2022.

In a Resolution dated February 7, 2023, subsequent to the close of the calendar year, the Supreme Court denied with finality the Subsidiary's Motion for Reconsideration dated December 15, 2022, and affirmed the COA's Decision granting the Company's money claims in the total amount of P714.9 million. In the Notice, it stated that Entry of Judgment will be made immediately.

b. Status of Operations

For the years 2022 and 2021, the Parent Company continues to reduce its operational expenses and, through the efforts of its limited personnel and utilizing very restricted resources, the Parent Company and the Subsidiary were able to consolidate all the records pertaining to the Project from its local and foreign partners.

Due to the cessation of the Project, the Parent Company failed to honor its loan commitments and has incurred significant losses from accumulating interest costs and penalties. Net losses incurred for the years ended December 31, 2022 and 2021 amounted to P2.4 million and P1.9 million, respectively. As at December 31, 2022 and 2021, the Parent Company has a deficit amounting to P11.381 billion and P11.379 billion, respectively and a capital deficiency amounting to P1.509 billion and P1.506 billion, respectively. All of these matters indicate the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company to continue as going concern entities, and therefore, they may be unable to realize their assets and discharge their liabilities in the normal course of business.

Subsequent to the close of the calendar year, or on February 7, 2023, the Supreme Court rendered final judgment that the Subsidiary may only recover the amount of P714.9 million. The timing of the recovery of the amount of claim from the PRA is dependent on various government processes and funding requirements and availability. Pursuant to the Government Auditing Code of the Philippines, such claim will have to be filed with the COA. Management intends to use the judgment award for future business and development ventures and sustain the administrative operations of the Parent Company and the Subsidiary. Accordingly, the financial statements are prepared on a going-concern basis. The timing of payment of the reimbursement pursuant to the Supreme Court Decision is undeterminable at this point because the Subsidiary must first file a petition for enforcement and payment of award which will go through the usual accounting and auditing rules and procedures. The COA Decision, as affirmed by the Supreme Court En Banc, the Company's petition for money claim was partially granted in the amount of P714.9 million, subject to availability of funds and the usual accounting and auditing rules and regulations.

To execute, the Subsidiary must first seek the COA's approval of the money claim despite the rendition of a final and executory judgment validating said money claim from the PRA. Its filing with the COA is a condition *sine qua non* before payment can be effected. To further emphasize the determinability of the timing of payment, disbursements of public funds must be covered by the corresponding appropriation as required by law. The ability of the Parent Company and the Subsidiary to implement its plans to continue as going concern entities largely depends on the timing of the release of reimbursement pursuant to the Supreme Court decision which is subject to multiple uncertainties arising from the various regulatory processes that the claim for payment has to undergo.

2. Basis of Preparation

Statement of Compliance

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations issued by the Philippine Financial Reporting and Sustainability Standards Council (FSRSC).

In full compliance with PFRS 10, *Consolidated Financial Statements*, the Parent Company also prepares and issues consolidated financial statements for the same period in which it consolidates its investment in a subsidiary. Such consolidated financial statements provide information about the economic activities of the Parent Company and the Subsidiary. The consolidated financial statements are available through the Philippine Stock Exchange.

The separate financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 2, 2023.

Basis of Measurement

The separate financial statements have been prepared on a historical cost basis of accounting.

Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is the functional currency of the Parent Company. All financial information are rounded off to the nearest peso, except when otherwise indicated.

Use of Judgments, Estimates and Assumptions

The preparation of the separate financial statements in accordance with PFRS requires the Parent Company to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

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

Judgments

In the process of applying the accounting policies, the Parent Company has made the following judgments apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

Going Concern

The Parent Company has reported a deficit amounting to P11.380 billion and P11.379 billion as at December 31, 2022 and 2021, respectively. The ability of the Parent Company to continue as a going concern will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Parent Company may undertake. Management assessed that the Subsidiary will be able to recover a sufficient amount of the Subsidiary's claims to allow the Parent Company and the Subsidiary to operate on a going concern basis. Accordingly, these separate financial statements are prepared on a going concern basis.

Provisions and Contingencies

The Parent Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account. As at December 31, 2022 and 2021, the Parent Company does not have any legal or constructive obligations that require provision.

Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon the Parent Company's evaluation of relevant facts and circumstances as at the date of the separate financial statements. Actual results could differ from such estimates.

Assessment of Expected Credit Loss (ECL) on Receivables. The Parent Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for receivables. The Parent Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Parent Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Parent Company has assessed that based on the forward-looking default rate component of its ECL and the current conditions and forward-looking information, its receivables are fully impaired as at December 31, 2022 and 2021.

As at December 31, 2022 and 2021, the Parent Company's allowance for impairment losses on its receivables amounted to P7.5 million (Note 5). As at December 31, 2022 and 2021, the Parent Company's allowance for impairment losses on receivables from a Subsidiary and receivables from related parties amounted to P4.654 billion and P0.2 million, respectively (Notes 6 and 7).

The Parent Company has assessed that the forward-looking default rate component of its ECL on receivable from a Subsidiary related to claims from the PRA is not material because management and its legal counsel believe that the receivable is recoverable. The amount is supported by a Supreme Court decision (dated July 9, 2002) which provides for the reimbursement of expenses that benefited the PRA (Notes 1 and 5). Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Parent Company from its receivables.

Estimating Allowance for Impairment Losses on Nonfinancial Assets

The Parent Company assesses impairment on other noncurrent assets and nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The factors that the Parent Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

As at December 31, 2022 and 2021, allowance for impairment losses on investment in a Subsidiary amounted to P4.260 billion (Note 6). As at December 31, 2022 and 2021, allowance for impairment losses on other noncurrent assets amounted to P2.7 million (Note 7).

Fair Value Measurements. The Parent Company uses market observable data when measuring the fair value of an asset or liability. Where the fair values of financial assets and financial liabilities recognized in the separate statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Parent Company uses judgments to select from a variety of valuation models and make assumptions regarding considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

Estimating Realizability of Deferred Tax Assets

The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2022 and 2021, deferred tax assets in respect of temporary differences and unused net operating loss carryover (NOLCO) have not been recognized because management believes that the Parent Company may not have sufficient future taxable profits available to allow all or part of these deferred income tax assets to be utilized (Note 12).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the separate financial statements.

Amended Standards Not Yet Adopted

A number of amended standards are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the separate financial statements.

- **Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*).** To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- **Disclosure of Accounting Policies (Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgments*).** The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (*Amendments to PAS 12, Income Taxes*). The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.
- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (*Amendments to PAS 1*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the separate statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Parent Company classifies all other assets and liabilities as noncurrent.

Financial Instruments

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

The Parent Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as financial assets at fair value through profit or loss (FVPL), includes transaction costs.

Financial Assets

Classification and Subsequent Measurement. The Parent Company classifies its financial assets at the initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Parent Company for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Parent Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Parent Company manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Parent Company considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the Parent Company:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Parent Company;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Parent Company considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Parent Company considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Parent Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Parent Company has no financial assets at FVOCI and financial assets at FVPL as at December 31, 2022 and 2021.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the separate statements of comprehensive income when the financial asset is derecognized, modified or impaired.

The Parent Company's cash in banks, receivables and security deposits are included under this category.

Financial Liabilities

The Parent Company classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Parent Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Parent Company has no financial liabilities at FVPL as at December 31, 2022 and 2021.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

The Parent Company's accounts payable and accrued expenses and amounts owed to related parties are included under this category.

Derecognition of Financial Assets and Liabilities

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

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

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of the Parent Company's continuing involvement. In that case, the Parent Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Parent Company has retained.

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

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

Impairment of Financial Assets

The Parent Company recognizes allowance for ECL on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Parent Company in accordance with the contract and the cash flows that the Parent Company expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Parent Company recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Parent Company's historical experience and informed credit assessment and including forward-looking information.

The Parent Company recognizes lifetime ECLs for receivables that do not contain significant financing component. The Parent Company uses provision matrix that is based on the Parent Company's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Parent Company assesses whether these financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or

- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Parent Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Parent Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Parent Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Parent Company's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the separate statements of comprehensive income.

The gross carrying amount of a financial asset is written off when the Parent Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

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

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

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

Offsetting Financial Instruments

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

Investment in a Subsidiary

The investment is carried in the separate statements of financial position at cost less any impairment in value. The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the Subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The reporting dates of the Parent Company and its Subsidiary are identical and their accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances.

Impairment of Nonfinancial Assets

The carrying amount of investment in a Subsidiary is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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. Impairment losses of continuing operations are recognized in the separate statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statements of comprehensive income.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Parent Company's option, and any dividends within equity upon approval by the Parent Company's BOD.

Preferred shares are classified as liability if they are redeemable on a specific date or at the option of the stockholders, or if dividend payments are not discretionary. Dividends thereon are recognized as "interest expense" in the separate statements of comprehensive income as accrued.

Additional Paid-in Capital

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" 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 Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings (Deficit)

Retained earnings (deficit) represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Parent Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

Interest Income

Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Expense Recognition

The separate financial statements are prepared on the accrual basis of accounting. Under this basis, expenses are recognized when they are incurred and are reported in the separate financial statements in the periods to which they relate.

Borrowing Costs

Borrowing costs are recognized as expenses when incurred, except to the extent capitalized. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Income Taxes

Income tax for the year is comprised of current and deferred tax. Income tax is recognized in the separate statements of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefit of net operating loss carryover (NOLCO). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

Related Parties

Parties are considered 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.

Provisions

Provisions are recognized only when the Parent Company has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) 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 assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

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

Events After the Reporting Date

Any event after the reporting date that provides evidence of conditions that existed at the end of the reporting date (adjusting event) is recognized in the separate financial statements. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the separate financial statements when material.

4. Financial Risk Management

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

- Credit Risk
- Liquidity Risk

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

The BOD has overall responsibility for the establishment and oversight of the Parent Company's risk management framework, and for development and monitoring of the Parent Company's risk management policies.

Credit Risk

Credit risk is the risk of financial loss to the Parent Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Parent Company's cash in banks, receivables, receivables from a Subsidiary, receivables from related parties and security deposits.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the face of the separate statements of financial position or in the notes to the separate financial statements, as summarized below.

	<i>Note</i>	2022	2021
Cash in banks		P1,190,577	P1,060,089
Receivables from a Subsidiary - net	6	613,013,138	612,818,662
		P614,203,715	P613,878,751

The credit quality of the Parent Company's financial assets classified into credit grades as of December 31, 2022 and 2021 are as follows:

	December 31, 2022			Total
	High Grade	Standard Grade	Low Grade	
Cash in banks	P1,190,577	P -	P -	P1,190,577
Receivables	-	-	7,489,854	7,489,854
Receivables from a Subsidiary	-	613,013,138	4,653,539,556	5,266,552,694
Receivables from related parties	-	-	195,854	195,854
Security deposits	-	-	139,740	139,740
	P1,190,577	P613,013,138	P4,661,365,004	P5,278,568,719

	December 31, 2021			Total
	High Grade	Standard Grade	Low Grade	
Cash in banks	P1,060,089	P -	P -	P1,060,089
Receivables	-	-	7,489,854	7,489,854
Receivables from a Subsidiary	-	612,818,662	4,653,539,556	5,266,358,218
Receivables from related parties	-	-	195,854	195,854
Security deposits	-	-	139,739	139,739
	P1,060,089	P612,818,662	P4,661,365,003	P5,275,243,754

High grade financial assets are those assessed as having minimal credit risk, otherwise, they are of standard quality.

As at December 31, 2022 and 2021, the credit quality of the Parent Company's financial assets were determined as follows:

- Cash in banks - high grade, given that the credit risk for cash in banks is considered negligible, since the counterparties are reputable entities with high quality external credit rating.
- Receivables - high grade pertains to receivables that are secured or covered with collaterals; standard grade pertains to receivables that are unsecured but with good paying habits; low grade pertains to receivables that are unsecured and with allowance for the uncollectability.

The table below presents the summary of the Parent Company's exposure to credit risk as of December 31, 2022 and 2021 and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

2022

	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not Credit Impaired	Lifetime ECL - Credit Impaired	
Cash in banks	P1,190,577	P -	P -	P1,190,577
Receivables	-	-	7,489,854	7,489,854
Receivables from a Subsidiary	-	613,013,138	4,653,539,556	5,266,552,694
Receivables from related parties	-	-	195,854	195,854
Security deposits	-	-	139,740	139,740
	P1,190,577	P613,013,138	P4,661,365,003	P5,278,568,719

2021

	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not Credit Impaired	Lifetime ECL - Credit Impaired	
Cash in banks	P1,060,089	P -	P -	P1,060,089
Receivables	-	-	7,489,854	7,489,854
Receivables from a Subsidiary	-	612,818,662	4,653,539,556	5,266,358,218
Receivables from related parties	-	-	195,854	195,854
Security deposits	-	-	139,739	139,739
	P1,060,089	P612,818,662	P4,661,365,003	P5,275,243,754

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity Risk

Liquidity risk is the risk that the Parent Company will not be able to meet its financial obligations as they fall due. The Parent Company is exposed to the possibility that adverse changes in the business environment and/or operations would result in substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

As discussed in Note 1, the ability of the Parent Company to continue as a going concern entity will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Parent Company may undertake.

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

		As at December 31, 2022				
	Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	8	P9,321,121	P9,321,121	P9,321,121	P -	P -
Amounts owed to related parties	9	2,115,582,991	2,115,582,991	2,115,582,991	-	-
		P2,124,904,112	P2,124,904,112	P2,124,904,112	P -	P -

*Excluding withholding tax payable amounting to P44,900

		As at December 31, 2021				
	Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	8	P9,221,121	P9,221,121	P9,221,121	P -	P -
Amounts owed to related parties	9	2,112,757,254	2,112,757,254	2,112,757,254	-	-
		P2,121,978,375	P2,121,978,375	P2,121,978,375	P -	P -

*Excluding withholding tax payable amounting to P46,900

Fair Values Sensitivity Analysis for Fixed-Rate Instruments

The Parent Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair Values

The carrying amounts of financial assets and liabilities approximate their fair values as at December 31, 2022 and 2021.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash in Banks and Receivables

The carrying amounts of cash in banks and receivables approximate their fair values due to the relatively short-term maturities of these financial assets. Receivables are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Security Deposits

The carrying amounts of security deposits approximate their fair values since the Parent Company does not anticipate the carrying amount to be significantly different from the actual values that these would eventually be collected. These are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Accounts Payable and Accrued Expenses and Amounts Owed to Related Parties

The carrying amounts of accounts payable and accrued expenses and amounts owed to related parties approximate their fair values due to the relatively short-term maturities of these financial liabilities.

Capital Management

As discussed in Note 1 to the separate financial statements, significant events have occurred indicating the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company to continue as a going concern entity. The ability of the Parent Company to continue as a going concern entity will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any future business that the Parent Company and the Subsidiary may undertake.

The Parent Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses and amounts owed to related parties. Total equity comprises capital stock, additional paid-in capital and deficit.

There were no changes in the Parent Company's approach to capital management during the year.

The Parent Company is not subject to externally-imposed capital requirements.

5. Receivables

As at December 31, 2022 and 2021, this account consists of receivables from:

	<i>Note</i>	
Tenants		P7,327,297
Others		162,557
	4	7,489,854
Less allowance for impairment losses		(7,489,854)
		P -

6. Investment in and Receivables from a Subsidiary

This account consists of:

	<i>Note</i>	2022	2021
Subsidiary:			
Investment in shares of stock		P4,259,559,247	P4,259,559,247
Receivables	4	5,266,552,694	5,266,358,218
		9,526,111,941	9,525,917,465
Less allowance for:			
Impairment in value of shares of stock		4,259,559,247	4,259,559,247
Impairment losses on receivables		4,653,539,556	4,653,539,556
		8,913,098,803	8,913,098,803
	9	P613,013,138	P612,818,662

Receivables are non-interest bearing, unsecured and due and demandable.

The impairment losses on receivables amounting to P4.654 billion represents the amount that the Subsidiary used to finance the initial phase of the Project and for working capital requirements. In 2012, the Parent Company extended advances to the Subsidiary for payment of income tax amounting to P5.2 million. The Parent Company also provides advances to the Subsidiary to finance its working capital requirements such as professional fees and taxes and licenses.

As at December 31, 2022 and 2021, the Subsidiary has negative working capital, with no available cash.

The summarized financial information of Central Bay Reclamation and Dev't Corp as at and for the years ended December 31 is as follows:

	2022	2021
Total assets	P715,518,809	P612,430,663
Total liabilities	5,278,918,556	5,278,724,080
Capital deficiency	(4,563,399,747)	(4,666,293,417)
Net Income (loss)	102,893,670	(201,873)

7. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2022	2021
Prepaid taxes		P4,696,492	P4,462,744
Receivables from related parties	4	195,854	195,854
Security deposits	4	139,740	139,739
Others		30,142	30,142
		P5,062,228	4,828,479
Less allowance for impairment losses on:			
Prepaid taxes		2,693,413	2,693,423
Receivables from related parties		195,854	195,854
Security deposits		139,739	139,739
Others		20,142	20,142
		3,049,158	3,049,158
		P2,013,070	P1,779,321

Prepaid taxes consist of input taxes and tax refund.

8. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	2022	2021
Accrued expenses	4	P7,382,588	P7,282,588
Payable to third party	4	1,938,533	1,938,533
Withholding tax payable		44,900	46,900
		P9,366,021	P9,268,021

Accrued expenses represent liabilities to suppliers for various expenses incurred by the Parent Company and the Subsidiary. The settlement of this account is highly dependent on the collection of claims from the PRA.

Payable to third party pertains to non-interest bearing advances from a certain company.

9. Related Party Transactions

In the ordinary course of business, the Parent Company has transactions with related parties summarized as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances		Terms	Conditions
				Amounts Owed by Related Parties	Amounts Owed to Related Parties		
Shareholders							
<u>POPI</u>							
Cash advance	2022	a	P -	P -	P6,968,217	Due and demandable; interest bearing	Unsecured
	2021		-	-	6,968,217		
Interest expense	2022	a	-	-	18,459,695		
	2021		-	-	18,459,695		
<u>Parent Company</u>							
Advances	2022	6	194,476	613,013,138	-	Due and demandable; non-interest bearing; with impairment	Unsecured
	2021		200,873	612,818,662	-		
<u>Other Shareholders</u>							
Cash advance	2022	a	-	-	31,849,787	Due and demandable; interest bearing	Unsecured
	2021		-	-	31,849,787		
Interest expense	2022	a	-	-	2,031,173,102		
	2021		-	-	2,031,173,102		
<u>Primera Comercio Holding, Inc. (Primera)</u>							
Cash advance	2022	b	2,825,737	-	25,096,625	Due and demandable; non-interest bearing	Unsecured
	2021		1,572,280	-	22,270,888		
<u>Italian Thai</u>							
Cash advance	2022	c	-	-	2,035,565	Due and demandable; non-interest bearing	Unsecured
	2021		-	-	2,035,565		
2022				P613,013,138	P2,115,582,991		
2021				P612,818,662	P2,112,757,254		

- a) Cash advances from POPI and other shareholders bear interest at 15% per annum, compounded annually until fully paid. The payment terms are stipulated in the Repayment Agreement for such advances and were approved by the BOD on March 14, 2003.

At the option of the above shareholders, the advances shall be settled and paid according to any or a combination of the following:

- In cash by the Parent Company;
- In common shares of the Parent Company, through the issuance, at par value, by the Parent Company of new common shares. Under this option, the shareholder must exercise his right to convert the Project-related payable into common shares of the Parent Company when the weighted average market price of the shares within a 30 trading day period is at P0.95 or above, at a price approximate to the par value of the shares; and
- Through assignment by the Parent Company of all its rights, titles and interest in and to any salable portion of the reclaimed land in the Project, as identified by the above shareholders and subject to the BOD's approval.

In 2016, the Parent Company and the other shareholders entered into an agreement wherein the interest due on the advances under the Repayment Agreement will be waived and will no longer accrue starting in 2016 until the advances are fully paid except for advances from POPI. Accordingly, in 2018, the Parent Company and the other shareholders entered into same agreement and the interest pertaining to advances from POPI will no longer accrue starting 2018.

- b) The Parent Company obtains non-interest bearing cash advances from Primera to support its day-to-day operations. These advances are payable on demand. As at December 31, 2022 and 2021, Primera has not provided options for the Parent Company's settlement of the advances.
- c) The Parent Company obtains non-interest bearing cash advances from Primera to support its day-to-day operations. These advances are payable on demand. As at December 31, 2022 and 2021, Primera has not provided options for the Parent Company's settlement of the advances.
- d) The Parent Company obtains non-interest bearing cash advances from Italian Thai to be settled in cash. These advances are due and demandable as at December 31, 2022 and 2021.
- e) The Parent Company has no key management compensation in 2022 and 2021. Management function is handled by a related party without any charge.

As at December 31, 2022 and 2021, the Parent Company has receivables from related parties amounting to P0.2 million which is fully provided with allowance for impairment losses (Note 7).

Unless otherwise stated, outstanding balances of amounts owed to related parties are expected to be settled in cash.

10. Capital Stock

Common Stock

The Parent Company had its only public offering for common stocks in 1991. Common stock issued since the public offering amounted to P6.16 billion divided into 6.16 billion shares. These shares are registered with the SEC and traded in the PSE.

Preferred Stock

The preferred stock which may be issued in tranches or series, is redeemable at the option of the Parent Company, non-voting, entitled to preferential and cumulative dividends at a rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications consistent with the Parent Company's By-laws and the Articles of Incorporation, as may be fixed by the BOD at the time of their issuance.

As a result of the conversion of payables to equity on November 13, 2012, the Parent Company issued shares in full settlement of payable to stockholders amounting to P647.0 million and loan payable amounting to P3.6 billion. The additional paid-in capital, net of direct transaction costs, amounted to P2.9 billion. Direct transaction costs for the issuance of shares amounted to P9.08 million.

The table below shows the equivalent number of common and preferred shares issued to the stockholders of the Parent Company in relation to the conversion of debt to equity:

Stockholders	Number of Shares	
	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera	167,578,190	4,858,590,825
Cosco Land Corporation	56,132,206	-
David Go Securities Corporation	42,924,628	-
POPI	15,666,405	-
	646,878,853	6,467,950,603

In 2005, the BOD also approved the conversion to equity of the Parent Company's payable to POPI and Orion Land, Inc. (a wholly-owned subsidiary of POPI) amounting to P44.5 million and P2.4 million, respectively, as partial payment for their subscriptions. The application for conversion of debt to equity has not been filed with the SEC as at December 31, 2022.

11. General and Administrative Expenses

This account consists of:

	2022	2021
Professional fees	P2,018,310	P1,410,000
Listing and filing fees	250,000	253,000
Taxes and licenses	15,612	18,777
IT expenses	9,600	9,600
Office supplies	500	3,216
Meetings and conferences	-	140,350
Others	72,017	30,958
	P2,366,039	P1,865,901

12. Income Taxes

The reconciliation of income tax benefit computed at the statutory income tax rate to the income tax expense in profit or loss follows:

	2022	2021
Loss before income tax	(P2,365,024)	(P1,864,833)
Income tax benefit at statutory rate of 25%	(P591,256)	(P466,208)
Additions to (reductions in) income tax resulting from:		
Movement in unrecognized deferred tax assets	591,510	466,475
Interest income subject to final tax	(254)	(267)
Income tax expense	P -	P -

Deferred tax assets on the following temporary differences and unused NOLCO have not been recognized as the Parent Company may not have sufficient taxable income in the future to realize the benefits of the related deferred tax assets.

	Note	2022	2021
Allowance for impairment in value and impairment losses on investment and receivables	6	P8,913,098,803	P8,913,098,803
Allowance for impairment losses on receivables	5	7,489,854	7,489,854
NOLCO		6,367,948	5,440,545
Allowance for impairment losses on other noncurrent assets	7	3,049,158	3,049,158
		P8,930,005,763	P8,929,078,360

As at December 31, 2022, the Parent Company's NOLCO which could be applied against future taxable income and deduction against future income tax payable, respectively, is as follows:

Year Incurred	Amount Incurred	Expired During the Year	Remaining Balance	Year of Expiration
2019	P1,438,636	(P1,438,636)	P -	2022
2020	2,136,008	-	2,136,008	2025
2021	1,865,901	-	1,865,901	2026
2022	2,366,039		2,366,039	2025
	P7,806,584	(P1,438,636)	P6,367,948	

Bayanihan to Recover as One Act

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act (RA) No. 11494 ("Bayanihan to Recover as One Act"), relative to NOLCO which provides that the net operating loss of a 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 years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five (5) consecutive table years following the year such loss was incurred.

13. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRS. The following is the tax information required based on Revenue Regulation No. 15-2010 for the taxable year ended December 31, 2022:

A. Value-added Tax (VAT)

Input VAT:	
Beginning of year	P3,257,382
Services lodged under other accounts	233,749
<hr/>	
Balance at end of year	P3,491,131

B. Withholding Taxes

Expanded withholding taxes	P44,900
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C. All Other Taxes (Local and National)

<i>Other taxes paid during the year recognized under "Taxes and licenses" account under General and Administrative Expenses</i>	
License and permit fees	P15,612

D. Tax Assessments and Tax Cases

As at December 31, 2022, the Parent Company has no pending tax court cases and has not received tax assessment notices from the BIR.

Information on landed cost of imports, customs duties and tariff fees paid or accrued and the amounts of output VAT, excise taxes and documentary stamp tax are not applicable since there were no transactions during the year subject to these taxes.

CYBER BAY CORPORATION

2022 Sustainability Report

ABOUT THIS REPORT

The 2022 Sustainability Report (Report) measures the impact of the activities of Cyber Bay Corporation (Corporation) on the environment, economy, and society (EES). It allows the Corporation to capture meaningful data as a guide in identifying areas for improvement in terms of sustainability. Moreover, this Report shall also serve as an avenue to communicate to the Corporation's stakeholders its established goals on sustainable development and corporate social responsibility (CSR) actions and results.

This Report covers the year ending 31 December 2022 and was prepared in accordance with the Sustainability Reporting Guidelines for Publicly Listed Companies prescribed under Securities and Exchange Commission (SEC) Memorandum Circular No. 4 Series of 2019.

I. CONTEXTUAL INFORMATION

Cyber Bay Corporation (the “Company” or “Cyber Bay”), incorporated under the laws of the Philippines on 06 July 1989, was organized to undertake real estate development (except real estate subdivision) and reclamation. The Company has changed its name from First Lepanto Corporation to Guoco Land (Philippines), Inc. in 1994, to Centennial City Inc. in 1996, and eventually to Cyber Bay Corporation in 2000.

COMPANY DETAILS	
Name of Organization	Cyber Bay Corporation
Location of Headquarters	Suite 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City
Location of Operations	Suite 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City
Report Boundary	This report covers the Company and does not include any of its subsidiaries.
Business Model	Holding Company
Reporting Period	Year ending 31 December 2022
Highest Ranking Person Responsible for this Report	Raul Tito Maxelmo A. Estrella President

In 1996, the Company, Central Bay Reclamation and Development Corporation (the “Subsidiary”) and certain shareholders of the Subsidiary entered into a Memorandum of Agreement which involved the restructuring of the Company and the consolidation of certain businesses and assets of the Company and the Subsidiary. The restructuring of the Company entailed the transfer to Prime Orion Philippines, Inc. (formerly Guoco Holdings Philippines, Inc.) of the Company’s investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty Inc. and the settlement of all intercompany liabilities relating to such corporations.

Upon completion of the business consolidation, the Company assumed full ownership of the Subsidiary, including its Joint Venture Agreement (JVA) with the Public Estates Authority (now known as the Philippine Reclamation Authority [PRA]) to reclaim 750 hectares of land along Manila Bay (the “Project”) as its new property core holding. With the Project, the Company is afforded a unique flagship waterfront development; at 750 hectares, it was supposed to be a substantial fully integrated township that can spearhead the redevelopment of the Manila Bay in tandem with the government’s progressive Bay City Development.

On 9 July 2002, after filing for motion for reconsideration and motion for re-deliberation, the Supreme Court ruled that the JVA is null and void ab initio on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed by the PRA to private corporations. This declaration, however, does not preclude the recovery from PRA the costs and expenses incurred in the implementation of the JVA prior its nullification.

PRA and the Subsidiary entered into a Compromise agreement where PRA shall cede to the Subsidiary parcels of land with value equal to the subsidiary’s validated claim of PhP1.027 Billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition filed with the COA and any other claims arising from or in connection with the JVA. On 23 May 2019, the COA declared the Compromise Agreement as invalid and partially granted the Subsidiary’s money claims against the PRA amounting to PhP714.9 Million. COA denied Central Bay’s motion for reconsideration on 21 January 2020.

On 19 August 2020, the Supreme Court En Banc required COA and PRA to comment to the Petition for Certiorari.

In its Resolution dated 08 September 2020, the Supreme Court directed Central Bay to file its Reply to COA's comment, which it filed on 23 April 2021.

PRA subsequently filed a Motion to Admit with attached Manifestation and Comment dated 30 September 2021. In its Motion, it prayed that the Supreme Court admit PRA's Comment which was belatedly filed.

The PRA substantially adopted the findings of the COA as its Comment on Central Bay's Petition for Certiorari. Specifically, while it confirmed that the PRA-validated claim amounted to PhP 1,004,439,048.45, it echoed the COA's findings that only the amount of PhP 714,937,790.29 may be allowed as supported by original documents or evidence.

In a Decision dated 05 April 2022, the Supreme Court declared the Compromise Agreement between Central Bay Reclamation and Development Corporation (Central Bay) and the Philippine Reclamation Authority void ab initio for being contrary to the 1987 Constitution, Executive Order No. 292, Administrative Code of 1987, and the Government Auditing Code of the Philippines. Further, the Supreme Court disallowed Central Bay's money claims except for the amount of Seven Hundred Fourteen Million Nine Hundred Thirty-Seven Thousand Seven Hundred Ninety and 29/100 Pesos (PhP714,937,790.29) representing advance payment for the reclamation and project development. Central Bay then filed a Motion for Reconsideration dated 15 December 2022.

In a Resolution dated 07 February 2023, the Supreme Court denied with finality Central Bay's Motion for Reconsideration dated 15 December 2022, and affirmed the Commission on Audit's (COA) Decision dated 23 May 2019 in COA CP Case No. 2010-350. In the Notice, it stated that Entry of Judgment will be made immediately.

II. MATERIALITY PROCESS

The Company identified the material sustainability topics presented in this Report through its internal risk assessment and the continuous dialogue with its stakeholders. In addition, we also resorted to available standard-setters on materiality.

The Board of Directors, which has an extensive knowledge and understanding of the market, and oversees the risk management of the Company, determines the several issues relevant to the sustainable development of the Company. Our continuous dialogue with our stakeholders likewise allowed us to gather insight on the material topics. We consider our investors, shareholders, officers, political and legal entities, and legal consultants as our stakeholders. The exchange highlights our commitment to transparency, and in return, we receive invaluable insights and data that guide us in determining crucial areas for the Company's sustainable development.

We also sought guidance from various standard-setters on materiality, such as reporting requirements, materiality definitions by sustainability rating agencies, multilateral discussions such as the United Nations Sustainable Development Goals, relevant academic research, and regulatory developments.

III. MATERIAL TOPIC: Economic

A. Direct Economic Value Generated and Distributed

Disclosure	Amount (in PHP)
Direct economic value generated (revenue)	641.00
Direct economic value distributed:	2,136,008.00
a. Operating costs	2,094,993.00
b. Employee wages and benefits	0.00
c. Payments to suppliers, other operating costs	21,313.00
d. Dividends given to stockholders and interest payments to loan providers	0.00
e. Taxes given to government	19,702.00
f. Investments to community (e.g. donations, CSR)	0.00

The Company, which was primarily created to undertake real estate development, except real estate subdivision, and reclamation, had heavily invested on the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project ("Project"). The cessation of the Project and the non-operation of the Company, with the shareholders taking a heavy hit, effectively impeded the Company's profitability and the viability of its continuous operations. It also affected the Company's capacity to meet its commitments to its creditors. Nevertheless, stakeholders are regularly informed of the Company's status by adhering to transparent reporting practices. The Company publishes reports as required under the applicable laws, and regularly holds Annual Stockholders' Meeting to keep the shareholders, as well as the general investing public, abreast with the recent developments of the Company.

The Company generates and distributes direct economic value through its minimal administrative operations. Although pinned down with various legal and financial restraints, the Company conducts its activities through maximization of available resources. It contributes to the expansion the economy through its consumption of products and services available in the market. Suppliers and service providers are treated fairly through open communication for their concerns and engaging them through forums or activities. It conforms with local and national tax laws and regulations through the timely and accurate payment of all applicable taxes.

The ability of the Company to continue as a going concern entity will depend on the timing of the release of reimbursement pursuant to the Supreme Court decision and on the success of any business that the Company and its Subsidiary may undertake in the future. In anticipation for its resumption of operations, the Board has put in place proper and sufficient measures in determining possible investments with manageable risks and exposures to the Company.

B. Procurement Practices

Proportion of Spending on local suppliers		
Disclosure	Quantity	Unit
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

The Company procures its supplies from local entities. From the Management's perspective, local sourcing is advantageous for its easier access and availability of materials and services, better communication, shorter delivery lead time, and strong vendor relationship. Furthermore, the Company believes that local sourcing can support a stable local economy and maintain community relations.

Although there is no pertinent policy in the sourcing of materials and services, the Management will continue to develop and support local vendors' capability. The Company commits to provide forecasting

on future spending upon re-commencement of operations to allow local suppliers to anticipate and develop their capacity and capabilities to fulfill the Company's needs.

C. Business Ethics

Training on Anti-Corruption Policies and Procedures	
Disclosure	Quantity
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	0
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0
Percentage of directors and management that have received anti-corruption training	0
Percentage of employees that have received anti-corruption training	0

The Board and the Management of the Company is committed to principles of transparency, accountability, fairness and integrity. Under the Company's Manual for Corporate Governance, the Board is bound to establish its anti-corruption measures through a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

While the Company has not formally implemented its anti-corruption measures due to its non-operation, it commits to implement these policies and programs once the Company's operations commence. Further, it shall conduct a continuous risk assessment to identify significant risks related to corruption.

Incidents of Corruption	
Disclosure	Quantity
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

There were no identified risks of any corruption-related events in the limited administrative activities which the Company is engaged in. Since the Company expects and insists that its business partners, present and future, consistently observe applicable laws and regulations with integrity and honesty, standard provisions concerning compliance with applicable laws against corrupt practices are incorporated in each contracts and transactions that the Company engages in.

To establish and implement the Company's policy that all related party transactions (RPT) must be conducted on an arm's length basis and under fair terms, on 02 March 2020, the Board convened and adopted the Company's Material Related Party Transaction Policy (MRPT Policy).

Under the MRPT Policy, RPT refers to a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party. A RPT is considered as material if any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statements.

The Board has the overall responsibility in ensuring that RPTs are handled in a sound and prudent manner, with integrity, and in effective compliance with applicable laws, rules, and regulations at all times, to protect the interests of the Corporation, its subsidiaries, its shareholders and other stakeholders. The objectives of this policy are to mitigate or avoid conflict of interest and abusive transactions between Related Parties (as defined below), and ensure that every RPT is reviewed, approved, and disclosed in compliance with the requirements of the regulatory bodies such as the SEC.

IV. MATERIAL TOPIC: *Environmental Issue*

A. Resource Management

Energy consumption within the organization		
Disclosure	Quantity	Unit
Energy consumption (renewable sources)	0.00	GJ
Energy consumption (gasoline)	0.00	GJ
Energy consumption (LPG)	0.00	GJ
Energy consumption (diesel)	0.00	GJ
Energy consumption (electricity)	0.00	kWh

Reduction of energy consumption		
Disclosure	Quantity	Unit
Energy consumption (renewable sources)	0.00	GJ
Energy consumption (gasoline)	0.00	GJ
Energy consumption (LPG)	0.00	GJ
Energy consumption (diesel)	0.00	GJ
Energy consumption (electricity)	0.00	kWh

The Company acknowledges that operating a business creates impact to the environment, and contributes to air pollution, water shortage, and climate change. However, it unites with the global community's call for cleaner and greener environment and reduction of reliance on fossil fuel-based energy.

In anticipation for its re-commencement of operations, the Company deems it necessary to develop and implement environmental governance policies, as well as environmental compliance in its compliance risk management structure. It will look into adopting energy saving measures and shifting to greener alternatives. Further, considering that Company's environmental impact is highly dependent on the activities and businesses of companies where Cyber Bay will invest in the future, the Company binds to cooperate with them to implement environmental policies to mitigate the impact created by their activities.

Although Cyber Bay is currently non-operating, the indirect energy consumption may be attributed to the Company through its suppliers, service providers and legal consultants. The Company collaborates with these entities in resorting to ways that will drive down, to the lowest possible level, the consumption of environmental resources caused by the services rendered to the Company. Among the notable measures implemented are the paperless transaction policy to minimize use of paper and utilizing available communication technology to reduce carbon footprint related to travel.

Water consumption within the organization	
Disclosure	Quantity (in cubic meters)
Water withdrawal	0.00
Water consumption	0.00

Water recycled and reused	0.00
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Similar to its energy consumption, Cyber Bay's indirect water consumption relates to those consumed by third party entities which the Company deals with. The Company will also adopt water-saving measures once it resumes its operations.

B. Environmental Compliance

Environmental Compliance	
Disclosure	Quantity (in PhP)
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0.00
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0.00
No. of cases resolved through dispute resolution mechanism	0.00

The Company diligently updates its necessary environmental permits. The Company recorded no fines or non-monetary sanctions for non-compliance with environmental laws and regulations. Upon its resumption of operations, it will, however, implement environmental protection programs and integrate an environmental compliance risk in its risk management function.

V. MATERIAL TOPIC: Social Issues

A. Employee Management

Employee Data	
Disclosure	Quantity
Total number of employees	0
a. Number of female employees	0
b. Number of male employees	0
Attrition rate	0
Ratio of lowest paid employee against minimum wage	0

Since the Company is non-operating, it retains no employees in its own payroll. It has outsourced its administrative, reportorial, and compliance requirements to GSE Management Services, Inc. (GSE MSI). However, Cyber Bay ensures that its third-party service provider complies with the labor laws, rules and regulations, specifically on the safe and healthy working conditions, labor standards, and social security and welfare benefits.

The Company likewise assures that its third-party service provider does not infringe on human rights of its employees and does not resort to any child labor or forced labor. All the contracts of the Company contain representations and warranties that parties are, and shall continuously comply, for the entire duration of the contract, with all applicable laws, rules, and regulations. Violation of these representations and warranties will result in the immediate termination of the contract. Moreover, the Company has established its accreditation process of contractors, suppliers, and service providers that requires them to submit documentary proof of good standing and compliance with applicable laws.

Once the operations of the Company resumes and it starts to employ its own workforce, it shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance. Moreover, the Company shall promote diversity and inclusion in the workplace by maintaining a diverse set of employees of different profile and demographics but equipped with necessary skills and expertise.

B. Data security

Data Security	
Disclosure	Quantity
Number of data breaches, including leaks, thefts and losses of data	0

As the Company migrates to paperless transactions and takes advantage of available technology in communication to exponentially increase effectiveness and drive down administrative costs, this strategy may potentially present high-impact risk to both the Company and its stakeholders in terms of data security and privacy. Although no data breaches were recorded in 2022, cyber security remains on the top of the Company's agenda. Significant risks in technology identified by the Company includes data management risk, cyber security risk, and third-party risk.

The Company may be exposed to data security risks, such as data theft and security breaches. Heavy reliance on technology may lead to financial fraud, accounting and compliance issues. The Company is also exposed to third-party risk as it does business with other companies, financial institutions, government offices and other stakeholders. Pursuant to the provisions of the Data Privacy Act of 2012 (RA 10173) and other relevant policies issued by the National Privacy Commission, the Company has appointed Atty. Cheryl S. Saldaña-de Leon as its Data Privacy Officer. The Company has likewise adopted its own Data Privacy Manual.

To protect privacy, we limit collection of personal data, and only do so by lawful means. We are transparent about how data is gathered, used, and secured. We do not disclose or use personal customer information for any purposes other than those agreed upon, and we communicate any changes in data protection policies or measures to customers directly.

The Company intends to improve its data security systems through giving attention and treatment to every internet and external threats, integrating IT risks into its risk management structure, conducting regular and independent internal audit, assessing IT capabilities of third parties, and development of develop cyber incident response plan.

VI. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development that includes 17 Sustainable Development Goals (SDGs). The Company has analyzed the risks and opportunities to our business that may arise from the 17 UN SDGs, as follows:


Business Contributions	Societal Value/Contribution to UN SDGs	Potential Negative Impact or Contribution	Management Approach to Negative Impact
Stimulating the economy	1: No Poverty 8: Decent Work and Economic Growth	Continuous operations of the Company entails continuous consumption of resources	Regulation and maximization of use of resources; Resort to cleaner and healthier alternatives
Implementing energy and water saving measures	11: Sustainable Cities and Communities 12: Responsible Consumption and Production	Costly upgrade to greener technologies	Integrate energy and water conservation into business planning; Forecasting and proper allocation of resources
Promotion of diversity and inclusion in the workplace	8: Decent Work and Economic Growth 10: Reduced Inequality	Higher recruitment process costs	Forecasting and proper allocation of resources
Promoting data privacy and security	9: Industry, Innovation and Infrastructure	Increase cybersecurity may affect ease of doing business	Set notification and approval threshold for IT risk situations

DISCLOSURE	REFERENCE AND OMISSION
Contextual information	Pg. 2
Materiality process	Pg. 3
ECONOMIC	
<i>Direct economic value generated and Distributed</i>	Pg. 4
<i>Climate-related risks and opportunities</i>	As a non-operating holding corporation, the Company has no climate-related risks and opportunities.
<i>Portion of spending on local suppliers</i>	Pg. 4
<i>Training on anti-corruption policies and procedures</i>	Pg. 5
<i>Incidents of corruption</i>	Pg. 5
ENVIRONMENTAL	
<i>Energy consumption within the organization</i>	Pg. 6
<i>Reduction of energy consumption</i>	Pg. 6
<i>Water consumption within the organization</i>	Pg. 7
<i>Materials used by the organization</i>	As a non-operating holding corporation, the Company did not use or produce any materials to manufacture products or services.
<i>Ecosystems and biodiversity</i>	The Company does not own, lease, manage or operate in protected areas or areas of high biodiversity value. There are no species or habitats affected by the Company's limited business operation.
<i>GHG</i>	As a non-operating holding corporation, the Company does not directly or indirectly produce GHG emissions or emissions of ozone-depleting substances (ODS).
<i>Air pollutants</i>	As a non-operating holding corporation, the Company does not directly or indirectly produce significant air pollutants.
<i>Solid Waste</i>	As a non-operating holding corporation, the Company does not produce significant solid waste.
<i>Hazardous Waste</i>	As a non-operating holding corporation, the Company does not produce or generate hazardous waste.
<i>Effluents</i>	As a non-operating holding corporation, the Company does not produce significant effluents.
<i>Non-compliance with environmental regulations</i>	Pg. 7
SOCIAL	
<i>Employee data</i>	Pg. 7
<i>Employee benefits</i>	The Company has no employees.
<i>Employee training and development</i>	The Company has no employees.
<i>Labor management relations</i>	The Company has no employees.
<i>Diversity and equal opportunity</i>	Pg. 7
<i>Occupational health and safety</i>	The Company has no operations and no employees.
<i>Labor laws and human rights</i>	The Company has no employees.

<i>Supply chain management</i>	Topic is not material as Company is currently not operating and the value creation credited to its suppliers is minimal
<i>Significant impacts on local communities</i>	Topic is not material as Company does not have business operations involving local communities.
<i>Customer satisfaction</i>	Topic is not material due to the nature of Company's business and non-operation
<i>Health and safety</i>	Topic is not material as Company does not have products or render services that affect the health and safety of the customers or the public in general.
<i>Marketing and labelling</i>	Topic is not material as Company's operations do not involve marketing and labelling
<i>Customer privacy</i>	Topic is not material as Company has no significant customers whose data is processed by the Company.
<i>Data security</i>	Pg. 8
UN SUSTAINABLE DEVELOPMENT GOALS	
<i>Product or service contribution to UN SDGs</i>	Pg. 9

Pursuant to the requirement of the Securities and Exchange Commission Memorandum Circular No. 4, Series of 2019, this Sustainability Report is signed on behalf of the registrant by the undersigned thereunto duly authorized, in the City of Pasig on the 02nd day of May 2023.



RAUL TITO MAXELMO A. ESTRELLA
President


RYAN V. ROMERO
Corporate Secretary and Compliance Officer

SUBSCRIBED AND SWORN to before me this 02nd day of May 2023, affiants exhibiting to me the following:

Name	CTC/ Passport No. / SSS No. Date and Place of Issuance	Competent Evidence of Identity
Raul Tito Maxelmo A. Estrella	CTC No. 7238247 issued on 07 January 2023/Pasig	TIN 150-130-441
Ryan V. Romero	CTC No. 7238606 issued on 07 January 2023/Pasig	TIN 218-165-895

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 Page No. 75;
 Book No. V;
 Series of 2023.


ANDREANNE HANNAH B. DIMAANDAL
 Notary Public for the Cities of Pasig, San Juan
 And Municipality of Pateros
 Commission until 31 December 2023
 2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
 APPT. No. 39 (2022-2023) -- Roll No. 73285
 PTR No. 0163319; 01-09-2023; Pasig City
 IBP No. 293380; 01-10-2023; Bulacan
 MCLE Compliance No. VII-0014667; 04-06-2022