SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
   Dec 31, 2020
2. SEC Identification Number
   147584
3. BIR Tax Identification No.
   002-727-376-000
4. Exact name of issuer as specified in its charter
   PREMIERE HORIZON ALLIANCE CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
   Postal Code
   1605
8. Issuer's telephone number, including area code
   (02) 8632-7715
9. Former name or former address, and former fiscal year, if changed since last report
   Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P 0.25 PAR VALUE	2,254,117,253

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange Common Shares
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- [x] Yes
- [ ] No

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

- [ ] Yes
- [x] No

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

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APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

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

- [ ] Yes
- [x] No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

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Premiere Horizon
Invigorating the Countryside

Premiere Horizon Alliance Corporation
PHA

References: SRC Rule 17 and Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2020
Currency	Php 000

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Current Assets	1,460,013	1,944,359
Total Assets	3,896,796	4,069,257
Current Liabilities	1,925,553	1,884,934
Total Liabilities	2,683,243	3,049,773
Retained Earnings/(Deficit)	186,924	91,377
Stockholders' Equity	1,213,553	1,019,485
Stockholders' Equity - Parent	867,906	686,017
Book Value Per Share	0.39	0.34

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Gross Revenue	722,538	423,656
Gross Expense	690,621	560,491
Non-Operating Income	371,252	822,775
Non-Operating Expense	188,637	390,261
Income/(Loss) Before Tax	214,531	295,679
Income Tax Expense	104,491	224,482
Net Income/(Loss) After Tax	110,041	71,197
Net Income/(Loss) Attributable to Parent Equity Holder	97,338	238,121
Earnings/(Loss) Per Share (Basic)	0.05	0.13
Earnings/(Loss) Per Share (Diluted)	0.05	0.11

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2020	Dec 31, 2019
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.76	1.03
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.23	0.42
Solvency Ratio	**Total Assets / Total Liabilities**	1.45	1.33
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.69	0.75
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	2.21	2.99
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	2.24	1.93
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	3.21	3.99
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.29	0.17

Net Profit Margin	**Net Profit / Sales**	0.15	0.17
Return on Assets	**Net Income / Total Assets**	0.03	0.02
Return on Equity	**Net Income / Total Stockholders' Equity**	0.09	0.07
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	22.74	2.69

Other Relevant Information
To correct gross revenue from 772,538 to 722,538 due to typographical error and to attach the parent company's audited financial statements for 2020.

Filed on behalf by:

Name	Raul Ma. Anonas
Designation	Executive Vice President and COO, Chief Information Officer (CIO) and SEC Compliance Officer

COVER SHEET

1	4	7	5	8	4				

SEC Registration Number

PREMIERE HORIZON ALLIANCE CORPORATION

(Company's Full Name)

UNIT 1705 17TH FLOOR, EAST TOWER PHILIPPINE STOCK EXCHANGE CENTRE, EXCHANGE ROAD ORTIGAS CENTER, PASIG CITY

RAUL MA. F. ANONAS	Tel No. 8632-7715
Contact Person	Company Telephone Number

SEC FORM 17-A
2020 ANNUAL REPORT

1 2	3 1		1 2	1 7
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

PSE No.
SEC No. 147584
FILE No.

Remarks: Please use BLACK ink for scanning purposes

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Description of Business

Premiere Horizon Alliance Corporation (formerly Premiere Entertainment Philippines, Inc.) ("PHA" or the "Company") was incorporated on 13 January 1988 and was then known as Premiere Films International, Inc. On 20 June 1996 the Corporation's name was amended to Premiere Entertainment Productions Inc.

On 5 May 1997, PHA was listed at the Philippine Stock Exchange ("PSE") and thus, became the first public company engaged in the production of motion pictures. The Company envisioned a two-pronged thrust: a major presence in the local and international entertainment industry and an initial venture into gaming to round up its total entertainment offer.

On 16 May 2008, the Company's shareholders and board of directors approved the change in the Company's name to "Premiere Entertainment Philippines, Inc.", increase in authorized capital stock, and the acquisition of Digiwave Solutions Inc. ("DSI"), a corporation engaged in the development of gaming software and the operation of internet casino stations.

On December 29, 2011, the company's name was changed to Premiere Horizon Alliance Corporation and added the business of mining, real estate, information technology and other related business. The company also lowered the par value of its shares from P1.00 to P0.25, thus decreasing its authorized capital stock from Php 1,800,000,000.00 to Php 563,556,000.00.

In April 24, 2012, the Company obtained the approval of the Board of Directors to acquire 66.9% of Redstone Construction and Development Corporation (RCDC). RCDC is engaged in the business of providing hauling and other services for construction works for mining, real estate development, environmental protection & remediation, dam, dikes, flood control and reclamation including quarrying, hauling, earthmoving and heavy equipment. The acquisition is implemented through subscription of 25.8 million shares of RCDC's outstanding capital stock at Php 1.50 per share.

On December 18, 2012, the Company obtained the approval of the Board of Directors to invest in 40% of the equity of First Ardent Development Corporation (FADC), a company engaged in real estate development. As of December 31, 2012, the Company owns 25.6 million shares for a total cost of Php 32.0 million.

On May 22, 2014, the Palawan property was transferred in the name of PHA.

Year 2015

On February 9, 2015, PHA completed the 51% acquisition of Concepts Unplugged Business Environment Solutions, Inc. (CUBES) amounting to Php 40.0 million.

In February 24, 2015, the PHA Board of Directors approved the increase of its ownership in RCDC from 66.9% to 80.0%. At the same time the Board approved the 2015 capital expenditure budget of RCDC amounting to Php 366.55 million for the acquisition of additional 44 trucks and 36 heavy equipment. These will be used for its new mining contract with Cagdianao Mining Corporation (CMC), Benguet Nickel Mining Corp. (BNMI) and

Marcventures Mining & Development Corp. (MMDC) to service the additional volume (WMT).

On May 11, 2015, the Securities and Exchange Commission (SEC) approved PHA's application for conversion of 133,511,111 at Php 0.36 per share or Php 48.064 million corresponding to PHA's convertible loan agreements issued on 2012.

In June 04, 2015, PHA bought 55% of Goshen Land Capital Inc. (GLCI) for Php 440.0 million, Php 140.0 million secondary and Php 300.0 million primary. GLCI is a premier real estate development company in Northern Luzon based in Baguio City. GLCI was incorporated in April, 2007 with an authorized capital stock of Php 250.0 million broken down into Php 100.0 million common shares and Php 150.0 million of preferred shares. An increase in authorized capital stock has already been filed with the SEC.

On June 24, 2015, PHA Board of Directors approved the issuance of Exchangeable Notes via private placement consisting of Php 350.0 million (Main Tranche for on going expansion plans and an Optional Tranche of Php 250.0 million to accelerate certain strategic development in the existing businesses as well as new acquisitions.

In July 29, 2015, the Board of Directors of PHA approved the stock rights offering with accompanying nil-paid detachable warrants. The proceeds will be used mainly for capital expenditures of CUBES and development expenses for the Palawan property. Each shareholder shall be entitled to one (1) right share for every ten (10) common shares held as of record date at offer price of Php 0.45 per share. The detachable warrants shall entitle the holder to subscribe to one (1) share at an exercise price of Php 1.20 per share exerciseable from January 1, 2018 to December 31, 2018. In addition to the stock rights offer, the Board also approved an additional 150 million warrants to be offered to existing investors in connection with the option to increase the offering of the Exchangeable Notes by Php 250.0 million or a top-up offering of up to same amount. It will have the same terms and conditions as the warrants issued from the stock rights offer.

On October 5, 2015, the placement of Php 400.0 million Exchangeable Notes was completed which included an oversubscription of Php 50.0 million on the Php 350.0 million Main Tranche. The excess of Php 50.0 million triggered the Optional Tranche and the proceeds will be used for the initial development initiative of its Palawan property.

In October 20, 2015, PHA announced the Stock Rights Offering tentatively scheduled for October has been moved to a later date pending approval by the SEC.

On December 11, 2015, the Board approved the increase in authorized capital stock from Php 564.556 million consisting of 2,254.224 million common shares with a par value of Php 0.25 per share to Php 750.00 million consisting of 3,000 million common shares at Php 0.25 per share to be implemented by way of stock rights offering previously approved.

In December 14, 2015, SEC approved the request for exemption from registration requirements of the 199,048,088 unclassified common shares with a par value of Php 0.25 per share to be issued out of the increase in authorized capital stock by way of a stock rights offering as previously approved.

Year 2016

In March 16, 2016, the Company sold its shareholdings in First Ardent Development Corporation (FADC) for Php 45.0 million.

On August 9, 2016 the Company established a 100% subsidiary West Palawan Premiere Development Corp. (WPPDC) to subsidiarize the land holdings PHA owned. WPPDC has an authorized capital stock of Php 700.0 million, subscribed capital of Php 175.0 million and a paid-up capital of Php 43.75 million. The primary purpose of WPPDC is a real estate development company initially focused on Puerto Princesa Palawan.

Year 2017

In January, 2017, WPPDC acquired an additional 5-hectare beachfront property in Nagtabon to complement its landmark beachfront development attraction. On August 3, 2018, in line with its planned development in Nagtabon, WPPDC has signed a Memorandum of Agreement with the Dusit Group for potential participation and partnership for the development of the tourism estate project.

Year 2018

In 2018, PHA entered into a Memorandum of Agreement (MOA) with the shareholders of Pyramid Hill Mining & Industrial Corp. (PHMIC) and Palawan Star Mining Ventures, Inc. (PSMVI) which gives the PHA the sole and exclusive right to acquire shares of up to 100% of the total issued and outstanding common shares of PHMIC and PSMVI. PHA subsequently assigned its rights to Premiere Georesources and Development Inc. (PGDI) formerly Redstone Construction and Development Corp., a majority-owned subsidiary.

On March 20, 2018, the BOD of the Parent Company has approved property dividend consisting of 268.0 million shares of stock with the new par value of Php 0.10 per share of the Parent Company's subsidiary, Premiere Georesources and Development Inc. (PGDI) and a cash dividend of Php 0.001482 per share or a total of Php 2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared.

Furthermore, the BOD of the PHA also approved the grant of 268.0 million detachable nil-paid warrants that will entitle the warrant holder to acquire one PGDI share from the PHA for each warrant held. The warrants shall be applied for listing in the PSE. As at December 31, 2018, the SEC approval on the property and cash dividends is still pending.

Furthermore, the BOD of PGDI approved the amendment of the Parent Company's Articles of Incorporation. The amendment includes the following:

a.) Change of name from Redstone Construction & Development Corporation to Premiere Georesources and Development, Inc.
b.) Amendment of primary and secondary purposes;
c.) Change in number of directors from five (5) to nine (9);
d.) Additional provisions regarding pre-emptive rights and lock-up requirements; and
e.) Increase in the authorized capital stock from Php 100.00 million divided into 100.00 million shares with par value of Php 1 per shares, to Php 650 million divided into 6.5 billion shares with par value of Php 0.10 per share.

Out of the Php 550.00 million increase in authorized capital stock, Php 137.5 million worth of shares were subscribed of which Php 55.0 million was fully paid through stock dividends and

Php 82.5 million was paid through conversion of advances to equity. The amendment was approved on September 13, 2018 by the SEC.

Furthermore, PGDI entered into a Deed of Assignment (DOA) with PHMIC and PSMVI wherein PGDI assigned advances to PHMIC and PSMVI amounting to Php 220.00 million and Php 170.00 million, respectively, for conversion to equity through application of advances as payment for PGDI subscription. The valuation of advances converted to equity was approved by the SEC on July 11, 2018.

On August 28, 2018, the BOD of the Parent Company approved the conversion of its advances to PGDI to equity shares allowing PGDI to own up to 100% of PHMIC and PSMVI. As of December 31, 2018, PGDI has acquired 98.88% of PHMIC and 98.55% of PSMVI through conversion of its advances to equity amounting to Php 220.0 million and Php 170.0 million, respectively. The valuation of advances converted to equity was approved by the SEC on November 20, 2018.

In connection with the planned listing by way of introduction of PGDI and the attendant SEC guidelines requiring a minimum public ownership of 20% for companies applying for listing, the Parent Company has completed the private placement of 523.0 million PGDI shares owned by the Parent Company, representing 9.6% of PGDI's 5,454.0 million outstanding shares. As at December 31, 2018, the transaction closing documents are still being completed.

Year 2019

In January 17, 2019, PHA entered into a Memorandum of Agreement with Sama Global Investments for a EUR 250 million investment with an interest rate of 1.25% p.a. to be paid by the year 2027. Beginning March 23, 2019 a series of remittance efforts begun. Follow-ups and communication letters were sent to Sama for the remittance of the funds as agreed upon in the MOA. By August 17, 2019, a final notice was sent by PHA to Sama with regard to their failure to deliver their obligation under the MOA. On August 26, 2019 an official notification was sent by Sama to PHA stating among others the renegotiation of the MOA Since then no communication has been received by PHA on the status of the MOA.

Year 2020

On March 16, 2020, PHA complied to the SEC Notice to Publicly Listed Companies regarding the COVID-19 pandemic response, risk assessment and business impact on the operations of the Company. It implemented work from home, shifting schedules and skeletal workforce.

On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group led by Mr. Marvin Dela Cruz for the equity infusion through subscription of 2,803,030,303 shares or up to 55% ownership of PHA at Php 0.33 per share for a total consideration of Php 925.0 million, Php 300.00 million will be in cash and the balance of Php 625.0 million will be via a combination of cash and/or infusion of Squidpay Technology, Inc. (SPTI) shares over a period of 2 years, with the intent of making SPTI a subsidiary of PHA.
The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock of PHA and 2,539,393,939 shares to be subscribed out of the increase in authorized capital stock.
Payment of the subscription shall be:

1. Php 87.0 million upon execution of the agreement;
2. Php 113.0 million on or before December 18, 2020
3. Php 100.0 million before the filing of the increase of authorized capital stock

4. Php 625.0 million consisting of cash and/or assets, including shares held by investors in SPTI to be paid or delivered not later than twenty-four (24) months from signing of the agreement or at a mutually agreed period of the parties

On the same day, the Board of Directors of PHA approved the amendment of the articles of incorporation and increase of the authorized capital stock from Php 563,556,000.00 divided into 2,254,224,000 shares with a par value of Php 0.25 per share, to Php 1,500,000,000.00 divided into 6,000,000,000 shares at a par value of Php 0.25 per share. The Board also approved the issuance of 303,030,304 shares worth up to Php 100.0 million out of the increase in authorized capital stock to existing creditors at a price of Php 0.33 per share.

Payment of Php 113.0 million was made and received by PHA on December 17, 2020 bringing the total payment as of date to Php 200.0 million the balance of Php 100.0 million will be completed by first quarter of 2021.

PHA has the following subsidiaries and affiliates:

a) Premiere Georesources and Development, Inc. (formerly Redstone Construction and Development Corporation (RCDC)) – its primary purpose is to engage in, conduct, mange, operate, and carry on business of construction works for mining, real estate development, environmental protection and remediation, dam, dikes, flood control, and reclamation and to engage in quarrying, hauling, earthmoving, and heavy equipment rentals and all other earthmoving works.

   PGDI owns 98.88% of Pyramid Hill Mining and Industrial Corp. (PHMIC) and 98.55% of Palawan Star Mining Ventures Inc. (PSMVI). Both mining companies are located south of Palawan province.

b) West Palawan Premiere Development Corp (WPPDC) – its primary purpose is to acquire by purchase, lease, donation, or otherwise and own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise real estate of all kinds, whether improve, mange or otherwise dispose of buildings, houses, equipment, and other structures of whatever kind, together with their maintenances.

c) Goshen Land Capital Inc. (GLCI) – GLCI is engaged in real estate development in Northern Luzon based in Baguio City. Incorporated in 2007, Goshen focused initially on residential subdivisions in prime locations all over the city. To further provide affordable yet quality homes for the ordinary Filipino, Goshen added master planned condominium communities in its home offerings. These maximized land use and better living for residents because Goshen's master-planned communities provide security, commercial convenience access and property management.

d) Concepts Unplugged Business Environment Solutions, Inc. (CUBES) - CUBES is engaged in the business of providing refrigeration to established cold storage facilities through a patented ThermoChiller system developed in the United States. The technology will be deployed as off-grid installations that will utilize alternative fuel sources, specifically biomass, thereby contributing to environmental sustainability by diminishing the dependence on fossil fuels and the electricity grid.

e) Digiwave Solutions Inc.- DSI (formerly Digigames Inc.-DSI) – primarily engaged in information technology which includes production, development, wholesale and distribution of computer software intended for gaming and production, importation, or exportation for sale on wholesale basis of computer parts, peripherals, other external devices, and communication devices.

f) PH Big Bounty Entertainment, Inc., Premiere Horizon Business Services, Inc. (Formerly La Prima Hotel Imperiale, Inc.), PH Agriforest Corporation, PH Mining and Development Corporation– the foregoing subsidiaries are still in their pre-operating stages.

g) Premiere e-Teleservices, Inc. (PeTI) – This subsidiary is in the process of liquidation.

The Group revenues in 2020 came from the activities of the subsidiaries Premiere Georesources and Development, Inc. (PGDI), Goshen Land Capital, Inc. (GLCI), and West Palawan Premiere Development Corp. (WPP). The Group revenue breakdown are follows:

	2020	
Revenues	(In Php Millions)	**Percent %**
Sale of Real Estate	479	66.25
Hauling and Mineral Extraction	241	33.33
Service Income	3	0.42
Total Revenues	**723**	**100%**

Competitive Situation in 2020

PHA continued to pursue its vision and mission of invigorating the countryside in 2020 by strategically focusing on tourism and infrastructure.

With the entry of the new investor group of Mr. Marvin de la Cruz, PHA has now expanded its vision to include financial technology and stronger partnership in the pursuit of invigorating the countryside.

West Palawan Premiere Development Corp. (WPPDC) completed the final planning stages for the integrated township development that will bring together serene countryside and beachfront resorts and residential projects. It is finalizing a comprehensive beachfront development plan for the five (5) hectare beachfront property in Nagtabon, Puerto Princesa.

PGDI continued its service contract with Cagdianao Mining Corp. (CMC) in extraction and hauling. Due to the pandemic and the lock-down, PGDI's extraction and hauling volume declined by 1,725,886 wmt compared to 2019.

Goshen Land Capital Inc. (GLCI) has completed construction of all its ongoing vertical developments in 2019 and unit turnover was continued in 2020. No new projects were opened in 2020 due to the Covid-19 pandemic. The Company concentrated instead in liquifying its Accounts Receivables and selling the remaining inventory. Focus was also given towards the improvement of its Balance Sheet and paying off its loans. But planning for new projects that will be started in 2021 have been ongoing in order to boost GLCI's income and turn the company around towards continued profitability.

PHA continues to look for new projects along the lines of renewables and infrastructure.

Risk Factors

The price of securities can and does fluctuate and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses rather than profit may be incurred as a result of buying and selling securities. Past performance is not a guide to future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying and selling price of these securities. An investor deals in a range of investments each of which may carry a different level of risk.

Prior to making an investment decision, interested stockholders may carefully consider, along with other matters set out in this report, the following investment considerations or risk factors listed in order of importance, and which are not intended to be exclusive.

The risks of the Company's businesses are the following:

Hauling and Mining

The prospects of the hauling and mining business of PGDI remains profitable. The primary concern of PGDI operation in CMC is the weather and the effects of the pandemic. PGDI was able to deploy its manpower in Surigao on time but with much difficulty and cost due to the pandemic protocol requirements. PGDI is not affected by fluctuations in Nickel prices in the world market because it is a service firm and gets paid for the hauling services at the agreed upon contracted rate with CMC. It is also insulated from fluctuations in fuel prices since fuel costs are covered by CMC.

Real Estate

The real estate industry was one of the most affected by the Covid-19 pandemic. Because of its impact in the financial situation of consumers, most of the big spending/investments (real estate being part of this) have been put off while awaiting the health and economic improvement of the country. This resulted in canceled sales and back-outs. In addition, any growth in the real estate industry is tied to the improvement in the country's GDP. With the economic contraction brought about by the lockdown and health crisis, the real estate industry including tourism development were highly impacted. But future construction projects can be planned for completion after two to three years when most of the Filipinos have been vaccinated and herd immunity has been achieved.

Tourism

The Tourism subsidiary was the most hit with the recent Covid pandemic with a direct impact of delaying the construction of the Dhawa Hotel (a brand of the Banyan Tree group) in Nagtabon Beach to 2021. Plus, looking for partnerships for the bigger property has slowed down as the quarantine restrictions have made it difficult for potential investors and partners to come and visit the property. However, market values have continued to increase with the recent appraisals made have brought the market value of the property to about Php1.29 billion. But future construction projects especially in tourism can be planned for completion after two to three years when most of the Filipinos have been vaccinated and herd immunity has been achieved. The lockdown will result in a huge boost in tourism once people are already allowed to travel.

Inherent Business Risk

The Company's revenue from the hauling business is dependent on its client's ability to continuously maintain substantial stockpile for shipment to their buyers. This is largely dependent on the weather conditions on the site.

On the real estate business, the ability to sell and deliver the units to its buyers is a big factor in generating its revenues. The company's objective is to complete its existing 17 projects and look at the expansion to new projects in 2017.

Political and Economic Conditions

In general, the profitability of the Company depends on a large extent on the overall level of business and economic activity in the country, which in turn, is affected by political and economic factors. Any political or economic instability in the future may have a negative effect on the industries served by the Company.

Taxation

Laws may be enacted increasing existing tax rates or creating new taxes that would affect the Company. On the other hand, laws may also be enacted decreasing existing tax rates or rendering certain taxes inapplicable to the Company. The enactment of the CREATE bill will also affect the Company's operation.

Foreign Currency Fluctuation

Future changes in the value of the peso against the US dollar or other currencies will affect the foreign currency equivalent of the value of the shares of the Company and any dividends. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in pesos by the Company on, and the peso proceeds received from any sales of, the shares.

Any potential restrictions which may be imposed by the Bangko Sentral ng Pilipinas ("BSP"), with the approval of the President of the Philippines, on the availability of foreign exchange may unduly affect the trading of the Company's shares and any dividend distribution. As a result, although foreign investors will be able to sell their shares on the PSE, the repatriation of proceeds of sale or dividends, if coursed through the Philippine banking system, cannot be effected until registration with the BSP has been implemented. The Company is not responsible for the registration with the BSP or custodian banks of such non-residents' subscriptions or purchases of Shares.

Development in other emerging market countries may adversely affect the Philippine economy and the market price of the Shares

In the past, the Philippine economy and the securities of companies in the country, in different degrees, have been influenced by the economic and other relevant events in other emerging markets, particularly countries in Southeast Asia. Although economic conditions vary from country to country, the reactions of investors to adverse global developments may have a negative impact on the market price of securities in other countries, including stocks listed in the Philippine Stock Exchange ("PSE").

Most of the Company's shareholders are Filipinos and to the best of the Company's knowledge, no foreign institutional funds have invested in its shares. Thus, the Company's share price is not expected to be sensitive to capital flight by foreign institutional investors in case of an economic crisis abroad.

Indirect Foreign Ownership Limitations

The percentage of foreign-owned voting stocks in a corporation is determined by the citizenship of its stockholders. The citizenship of corporation that is a stockholder in a corporation follows the citizenship of the controlling stockholders of the corporation irrespective of its place of incorporation. Under the present rulings of the SEC, shares belonging to corporations or partnerships at least sixty percent (60%) of the capital of which is owned by Filipino citizens shall be considered as a Philippine nationality, but if the percentage of Filipino ownership in the corporation or partnership is less than sixty percent (60%), only the number of shares corresponding to such percentage shall be counted as Philippine nationality.

Accordingly, the Company cannot allow the issuance or the transfer of shares, and cannot record any issuance or transfers in the books of the Company, if such issuance or transfer would result in the Company breaching applicable foreign ownership restrictions. It must be noted, however, that the Company is currently not subject to any foreign ownership restrictions.

With all these inherent and business risks, the Company maintains a strong internal control environment, to mitigate, if not eliminate, some of the risks. It is the end goal of the management to minimize these risks and achieve operating profitability.

Transactions with and/or dependence on related parties

Other significant transactions with related parties are as follows:

1.) The Parent Company has extended loans and advances to its subsidiaries. The loans and advances are due and payable on demand.

2.) In December 2016, the Parent Company acquired certain parcels of land amounting to PHP 15.71 million which were subsequently sold to WPP for a total consideration amounting to PHP 103.02 million resulting in a gain amounting to Php 87.31 million.

3.) In 2018, 2017, and 2016, the Company earned service and management fees amounting to Php 13.66 million, Php 13.19 million, and Php 8.10 million, respectively, for the services rendered to RCDC and GLCI.

4.) In December 2017, the Parent Company sold its investment property located in Bacungan, Puerto Princesa, Palawan to WPP for a total consideration of Php 450 million.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements

The Company has copyrighted sixty-five (65) of its titles with the National Library. The Certificate of Copyright Registration shall remain in force for fifty (50) years from publication, and if unpublished, from the date of making of the work. The Company receives royalties from the exhibition of its films.

The Company has no registered patent or trademark.

Development activities and Future Prospects

"Invigorating the Countryside"

Premiere Horizon Alliance Corporation is an investment holding company that maximizes corporate value by seeking to focus on projects that invigorate countryside development in preparation for the ASEAN Economic Community (AEC) integration beginning 2015.

The Philippines, being composed of more than 7,000 islands, presents major obstacles to the development of the country as a whole. The countryside is left behind with much inefficiencies and gaps.

"Where there are gaps, there are opportunities."

Addressing these unfilled requirements through profitable, recurring, replicable and scalable businesses will not only help the locals in a sustainable way, but will also facilitate in the development of the nation as a whole while driving up PHA shareholder value.

On the tourism and infrastructure side, WPPDC shall embark on the development of its beachfront property and tourism estate while on the infrastructure side, it shall invest in 85% of two MPSA companies covering 10,384 hectares of commercial quantity limestone for cement production. On the hauling and extraction business, RCDC will continue to excel and provide high quality service.

Employees

As of December 31, 2020, PHA has 9 employees while PGDI has 112 regular employees. PGDI employs 351 contractual or project personnel during the mining season. GLCI has 35 regular employees and about 10 on-call ones.

Item 2. Description of Property

PHA purchased its present office headquarters at Unit 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City on August 14, 2014.

The Company has accumulated a total of four hundred thirty-eight (438) titles in its Film Library since December 31, 2003, with a total production and acquisition cost of Php235.8 million.

On May 22, 2014, PHA completed the transfer of the foreclosed 500 hectare property in Brgy. Bacungan, Puerto Princesa, Palawan in its name. PHA sold the land to its 100% subsidiary West Palawan Premiere Development Corp. (WPPDC) and is currently valued at about Php 1.2 billion. The land in Palawan are carried at fair value. The Company through its subsidiary WPPDC has acquired a 5-hectare beachfront property in Nagtabon Puerto Princesa.

As of December 2020, the hauling and mineral extraction operation of PGDI has 47 heavy equipment, 84 dump trucks and 37 service vehicles.

Item 3. Legal Proceedings

Digiwave Solutions, Inc. was involved in a legal controversy, as a plaintiff against Hon. Lynette May D. Deloria-Manarang, and Rosemarie M. Lipana, with Civil Case No. R-PSG-17-01362-CV, Petition for Review before Branch 68, Regional Trial Court of Pasig City. As to the amounts involved, and determination of the outcome, the foregoing cannot be capably estimated.

Premiere Georesources and Development Inc. ("The Company") was involved in a legal controversy, as a respondent in a case filed by Reynaldo Balibol, Et Al. vs. Redstone Construction & Development Corp., and Engr. Carlo Cruz docketed as NLRC LAC No. 06-002169-19 before the National Labor Commission ("NLRC"). The NLRC rendered its decision finding the company liable for illegal dismissal and ordering it to pay the complainants the aggregate amount of Four Million One Hundred Forty-Five Thousand Five Hundred Ninety-Two Pesos (Php4,145,592.00). On December 13, 2019, the Company filed its Petition for Certiorari before the Court of Appeals docketed as CA-G.R. CR No. 163683.

Pyramid Hill Mining & Industrial Corp was involved in a legal controversy, as a defendant in a civil case for Violation of Section 16 and 17 of RA No. 7942 and RA No. 8371, filed by Jose Romel Murio alias "Datu Kasaligan" claiming to represent all Indigenous Peoples (IP) groups in the Philippines, with Civil Case No. R-MKT-20-02555-CV pending before Branch 68, Regional Trial Court Branch 58 of Makati City.

Palawan Star Mining Ventures, Inc. was involved in a legal controversy, as a defendant in a civil case for Violation of Section 16 and 17 of RA No. 7942 and RA No. 8371, filed by Jose Romel Murio alias "Datu Kasaligan" claiming to represent all Indigenous Peoples (IP) groups in the Philippines, with Civil Case No. R-MKT-20-02555-CV pending before Branch 68, Regional Trial Court Branch 58 of Makati City.

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

No matter was submitted during the fourth quarter of the fiscal year covered by this Report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – OPERATION AND FINANCIAL INFORMATION

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

(1) Market Information

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol "PHA". The Company's price information as of December 29, 2020 is Php 1.10.

The following table indicates the quarterly high and low sale price of the Company's common shares as reported on the PSE for the years 2018– 2021 (1st Qtr) .

	HIGH				LOW			
	2021	2020	2019	2018	2021	2020	2019	2018
1ST Quarter	2.08	0.2030	1.06	0.46	2.0300	0.1950	1.000	0.435
2nd Quarter		0.2050	0.85	0.36		0.1990	0.820	0.325
3rd Quarter		0.2330	0.56	0.395		0.2260	0.510	0.375
4th Quarter		1.1300	0.355	0.33		0.9700	0.335	0.320

(2) Holders

As of 31 March 2021, there were 113 shareholders of record of PHA's common shares and listed below are the top twenty (20) common shareholders, including their nationalities, number of shares held, and the approximate percentages of their respective shareholdings to PHA's total outstanding common stocks:

TOP 20 STOCKHOLDERS AS OF MARCH 31, 2021

SHAREHOLDERS' NAME	NATIONALITY	HOLDINGS	RANK
PCD Nominee Corporation	Filipino	1,627,858,676	72.22%
MARVIN DELA CRUZ	Filipino	242,424,243	10.75%
PCD Nominee Corporation (Non-Filipino)	Foreign	144,693,503	6.42%
AUGUSTO C. SERAFICA, JR	Filipino	70,000,001	3.11%
SISO M. LAO	Filipino	55,000,000	2.44%
TEOFILO HENSON	Filipino	50,000,000	2.22%
S CAPITAL CORP.	Filipino	36,000,000	1.60%
RAISSA ABAINZA QUERI	Filipino	12,121,212	0.54%
ROGELIO DE RAMA	Filipino	3,030,303	0.13%
ENRICO ALFONSO TAMAYO	Filipino	3,030,303	0.13%
HARRISON YAP	Filipino	3,030,303	0.13%
ANTONIO ONG	Filipino	1,500,000	0.07%
RENATO Y. CHUA	Filipino	1,050,000	0.05%
RAUL A. ALON	Filipino	500,000	0.02%
LILY ROSE DE LEON	Filipino	475,000	0.02%
SHIRLEY Y. SEE	Filipino	300,000	0.01%
PHILIP Z. DABAO	Filipino	200,000	0.01%
LEONCIO TAN TIU	Filipino	200,000	0.01%
LOLITA S. PAMA	Filipino	150,000	0.01%
ARTEMIO TUANO ENGRACIA	Filipino	125,000	0.01%
TOTAL TOP 20 SHAREHOLDERS		2,251,688,544	99.90%
TOTAL OUTSTANDING SHARES		2,254,117,253	

(3) Dividends

On March 20, 2018, the BOD has approved property dividend consisting of 268.0 million shares of stock with the new par value of Php 0.10 per share of the Parent Company's subsidiary, Premiere Georesources and Development Inc. (PGDI) and a cash dividend of Php 0.001482 per share or a total of Php 2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared.

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

(4) Recent Sales of Unregistered or Exempt Securities, Including recent Issuance of Securities Constituting an Exempt Transaction

I. Conversion of Notes

On May 11, 2015, the SEC approved the application of PHA for the issuance of 133,511,111 common shares with a value of Php 0.36 per share by way of conversion of loans amounting to Php 48.064 million as exempt from the registration requirements of SEC.

II. Stock Rights

In December 14, 2015, the SEC Markets and Securities Regulation Department approved the request of PHA for exemption from registration of the 199,048,088 shares unclassified common shares with a par value of Php 0.25 per share. This will be issued out of the increase in authorized capital stock by way of stock rights offering.

III. Subscription by Regular Directors

On December 15, 2011 the majority of the board of directors authorized the subscription by three (3) of its regular directors to one hundred seventy five million (175,000,000) of the Company's unissued common shares at a subscription price of P0.30 per share or at P0.05 above par value. The three (3) subscribing directors are: Mr. Augusto Serafica, Jr., Mr. Siso M. Lao and Mr. Teofilo A. Henson. The subscribing directors did not vote during the meeting when their offer to subscribe to the unissued shares was approved.

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

MANAGEMENT REPORT

(A) Management's Discussion and Analysis and Plan of Operation

Our discussions in the foregoing sections of this report may contain forward-looking statements that reflect our current views with respect to the Group's future plans, events, operational performance, and desired results. These statements, by their very nature, contain substantial elements of risks and uncertainties. Actual results may be different from our forecasts.

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

Plan of Operations for Year 2021

West Palawan Premiere Development Corp. (WPPDC)

WPPDC was incorporated in August 9, 2016 as a 100% owned subsidiary of PHA. It shall own the 500 hectares in Brgy. Bacungan Puerto Princesa plus the other properties transferred by the other subsidiaries. In 2018, WPPDC will embark on the development of its 5-hectare Nagtabon property

Premiere Georesources and Development Inc. (PGDI) (formerly Redstone Construction and Development Corporation (RCDC).

PGDI will continue to service its CMC client in Surigao. It shall maintain its existing fleet of 57 heavy equipment, 104 dump trucks and about 49 service vehicles to service the requirement of its client.

Goshen Land Capital, Inc. (GLCI)

Goshen is looking at starting a dorm-type vertical project in the business district of Baguio City which is walking distance to the different universities and central business and tourist areas of the city. This will boost the Company's revenue as part of the Company's 5-year plan to profitability and sustainable development.

Other Developmental Business Activities/ Subsequent Events.

The Group continues to identify other businesses that will generate more revenues. It is now looking at various business opportunities in energy and other tourism-related industries.

Discussion and analysis of the Group and its majority-owned subsidiaries' top five (5) key performance indicators, including the manner by which the Group calculates or identify the indicators on a comparative basis.

The Group, with its subsidiaries, uses the following key performance indicators:

1) Revenues
2) Net Income (Loss) From Continuing Operation
3) Debt- to- Equity Ratio
4) Current Ratio
5) Return on Assets

Using the Debt-to-Equity Ratio as indicator, the Group computes the following in the manner presented below:

$$\text{Debt-to-Equity} = \frac{\text{Total Liabilities}}{\text{Total Stockholders' Equity}}$$

Using Current Ratio as indicator, the Group computes the following in the manner presented below:

$$\text{Current Ratio} = \frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$$

Using Return on Investments as indicator, the Group computes the following in the manner presented below:

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Book Value of Assets}}$$

Presented below is the comparative table of the Group's performance for the years 2020 and 2019, 2018, respectively.

		December 31		YoY Change
		Audited 2020	Audited 2019	
1	Revenues	722,537,606	423,656,077	298,881,529
2	Net Income (Loss)	110,040,747	71,196,838	38,843,909
3	Debt -to- Equity Ratio	2.21:1	2.99:1	(0.78)
4	Current Ratio	0.76:1	1.03:1	(0.27)
5	Return on Assets	0.03:1	0.02:1	0.01

		December 31		YoY Change
		Audited 2019	Audited 2018	
1	Revenues	423,656,077	480,203,681	(56,547,604)
2	Net Income (Loss)	71,196,838	(374,466,876)	445,663,714
3	Debt -to- Equity Ratio	2.99:1	3.84:1	(0.85)
4	Current Ratio	1.03:1	1.50:1	(0.47)
5	Return on Assets	0.02:1	(0.10):1	0.12

I. Revenues

The Group revenues in 2020 amounted to Php722.54 million which is Php298.88 million or 70.55% higher than the 2019 Group revenue of Php423.66 million.

The Group revenues in 2019 amounted to Php423.66 million which is Php56.55 million or 11.78% lower than the 2018 Group revenue of Php480.20 million.

II. Net Income

The Group net income in 2020 amounted to Php110.04 million which is Php38.84 million or 54.56% higher than the 2019 Group net income of Php71.20 million.

The Group net income in 2019 amounted to Php71.20 million which is Php445.66 million or 119.01% higher than the 2018 Group net loss of 374.47 million.

III. Debt to Equity Ratio

The Group debt to equity ratio in 2020, 2019, and 2018 amounted to 2.21:1, 2.99:1, and 3.84:1, respectively.

IV. Current Ratio

The Group current ratio in 2020, 2019, and 2018 amounted to, 0.76:1, 1.03:1, and 1.50:1, respectively.

V. Return on Assets (ROA)

The Group return on assets for 2020, 2019, and 2018 amounted to 0.03:1, 0.02:1, and (0.10):1, respectively.

Results of Operations for the last three (3) years

During the years 2020, 2019, and 2018, the Group recorded a net income (loss) of Php110.04 million, Php71.20 million, and Php(374.47) million, respectively. The following are the details of the Company's income statement accounts:

2020

- The Group real estate sales in 2020 and 2019 amounted to Php479.3 million and Php79.10 million, respectively, which shows an increase of Php400.20 million or 505.93%. The increase came from the significant number of new sales generated in 2020.

- The Group mining service revenue in 2020 and 2019 amounted to Php241.74 million and Php340.17 million, respectively, which shows a decrease of Php98.43 million or 28.94%.

Tonnages from mining, barging, and ore transferring significantly decreased in 2020 due to the restrictions imposed to combat COVID-19.

- The Group service income in 2020 and 2019 amounted to Php1.50 million and Php4.39 million, respectively, which shows a decrease of Php2.89 million or 65.82%. The decrease came from the lower revenues generated by the resort operations of TCNBI, a wholly-owned subsidiary of WPP, which was significantly affected by the COVID-19 pandemic.

- The Group cost of real estate sales in 2020 and 2019 amounted to Php301.26 million and Php99.49, respectively, which shows an increase of Php201.77 or 202.80%. This came from the significant number of new sales generated in 2020.

- The Group costs of services in 2020 and 2019 amounted to Php210.59 million and Php252.11 million, respectively, which shows a decrease of Php41.51 million or 16.47%. The net decrease primarily came from lower personnel costs, repairs and maintenance, transportation & travel, and fuel & oil because of the restrictions in operations due to the COVID-19 pandemic.

- The Group depreciation and amortization in 2020 and 2019 amounted to Php92.71 million and Php115.08 million, respectively, which shows a decrease of Php22.37 million or 19.44%. The decrease primarily came from the sale of equipment and increase in fully depreciated assets. This account is presented in the 2020 financial statements as follows: Cost of Services - Php83.44 million, and General and Administrative - Php9.28 million.

- The Group personnel costs in 2020 and 2019 amounted to Php119.74 million and Php 122.94 million, respectively, which shows a decrease of Php 3.20 million or 2.61%. There was no material change in the balance of this account. This account is presented in the 2020 financial statements as follows: Cost of Services – Php73.58 million, and General and Administrative Expense – Php46.16 million.

- The Group repairs and maintenance in 2020 and 2019 amounted to Php 37.23 million and Php 45.64 million, respectively, which shows a decrease of Php 8.41 million or 18.42%. This account decreased due to lower usage of heavy equipment due to COVID-19 restrictions in operations. This account is presented in the 2020 financial statements as follows: Cost of Services – Php32.82 million, and General and Administrative Expense – Php4.41 million.

- The Group fuel and oil in 2020 and 2019 amounted to Php3.41 million and Php9.61 million, respectively, which shows a decrease of Php6.2 million or 64.52%. This account decreased due to the lower usage of heavy equipment due to COVID-19 restrictions in operations. This account is presented in the 2020 financial statements under Cost of Services.

- The Group transportation and travel in 2020 and 2019 amounted to Php12.10 million and Php17.59 million, respectively, which shows a decrease of Php5.49 million or 31.23%. This account decreased due to fewer transportation and travel incurred due to COVID-19 restrictions in operations. This account is presented in the 2020 financial statements as follows: Cost of Services – Php5.12 million, and General and Administrative Expense – Php6.97 million.

- The Group taxes and licenses in 2020 and 2019 amounted to Php9.22 million and Php20.68 million, respectively, which shows a decrease of Php11.46 million or 55.42%. The decrease primarily came from the lower tax base and taxable transactions. This account is presented in the 2020 financial statements as follows: Cost of Services – Php4.63 million, and General and Administrative Expense – Php4.59 million.

- The Group professional and legal fees in 2020 and 2019 amounted to Php 47.42 million and Php 62.73 million, respectively, which shows a decrease of Php 15.31 million or 24.40%. The decrease primarily came from the lower services availed from professionals. This account is presented in the 2020 financial statements as follows: Cost of Services – Php6.14 million, and General and Administrative Expense – Php41.29 million.

- The Group Rentals and Utilities in 2020 and 2019 amounted to Php8.21 million and Php8.89 million, respectively, which shows a decrease of Php 0.69 million or 7.71%. The decrease primarily came from the lower rentals and utilities operating requirements. This account is presented in the 2020 financial statements as follows: Cost of Services – Php0.19 million, and General and Administrative Expense – Php8.02 million.

- The Group Entertainment, amusement and recreation in 2020 and 2019 amounted to Php9.30 million and Php9.05 million, respectively, which shows an increase of Php0.25 million or 2.77%. There was no material change in the balance of this account. This account is presented in the 2020 financial statements as follows: Cost of Services – Php0.12 million, and General and Administrative Expense – Php9.18 million.

- The Group Commissions in 2020 and 2019 amounted to Php13.45 million and Php19.00 million, respectively, which shows an increase of Php5.55 million or 29.20%. The decrease primarily came from the lower incurred commissions. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group filing and listing fees in 2020 and 2019 amounted to Php9.96 million and Php14.05 million, respectively, which shows a decrease of Php4.10 million or 29.15%. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group outside services in 2020 and 2019 amounted to Php5.43 million and Php9.18 million, respectively, which shows a decrease of Php 3.75 million or 40.82%. The decrease primarily came from the lower outside services availed from in 2020. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group freight and handling in 2020 and 2019 amounted to Php1.78 million and Php1.57 million, respectively, which shows an increase of Php 0.22 million or 13.80%. There was no material change in the balance of this account. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group supplies and materials in 2020 and 2019 amounted to Php 0.77 million and Php 1.19 million, respectively, which shows a decrease of Php 0.43 million or 35.77%. The decrease came from the lower supplies and materials requirement of the Group. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group advertising and promotions in 2020 and 2019 amounted to Php 0.14 million and Php 0.41 million, respectively, which shows a decrease of Php 0.27 million or 65.63%. The decrease primarily came from the lower advertising and promotion costs of GLCI. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group other expenses in 2020 and 2019 amounted to Php18.43 million and Php 3.39 million, respectively, which shows an increase of Php 15.04 million or 443.95%. The increase primarily came from the higher other expense requirement of the Group. This account is presented in the 2020 financial statements as follows: Cost of Services – Php1.15 million, and General and Administrative Expense – Php17.28 million.

- The Group unrealized gain on revaluation of land in 2020 and 2019 amounted to Php367.92 million and Php816.49, respectively, which shows a decrease of Php448.57 million or 54.94%. This account represents the additional increase in land value and is presented under Other Income (Charges).

- The Group interest income in 2020 and 2019 amounted to Php3.33 million and Php6.29 million, respectively, which shows a decrease of Php2.96 million or 47.02%. The decrease primarily came from the lower average cash in bank balances. This account is presented under Other Income (Charges).

- The Group impairment losses in 2020 and 2019 amounted to Php 11.73 million and Php58.53 million, respectively, which shows a decrease of Php46.80 million or 79.95%. This account represents the impartment losses incurred and is presented under Other Income (Charges).

- The Group other income (charges) in 2020 and 2019 amounted to Php4.51 million and Php13.76 million, respectively, which shows a decrease of Php9.25million or 67.25%. This account represents other income and is presented under Other Income (Charges).

- The Group interest expense in 2020 and 2019 amounted to Php172.46 million and Php317.96 million, respectively, which shows a decrease of Php145.50 million or 45.76%. The decrease primarily came from the lower interest charges due to loan balance payments and debt restructuring. This account is presented under Other Income (Charges).

2019

- The Group real estate sales in 2019 and 2018 amounted to Php 79.10 million and Php 182.71 million, respectively, which shows a decrease of Php 103.61 million or 56.71%. Majority of the projects were completed in 2019; and no new projects were launched. These resulted to a decrease in realizable sales via percentage of completion.

- The Group mining service revenue in 2019 and 2018 amounted to Php 340.17 million and Php 294.93 million, respectively, which shows an increase of Php 45.23 million or 15.34%. Tonnages from mining, barging, and ore transferring increased in 2019 which resulted to the increase in mining service revenue.

- The Group service income in 2019 and 2018 amounted to Php 4.39 million and Php 2.51 million, respectively, which shows an increase of Php 1.87 million or 74.57%. The increase came from the higher revenues generated by the resort operations of TCNBI, a wholly-owned subsidiary of WPP.

- The Group cost of real estate sales in 2019 and 2018 amounted to Php 99.49 million and Php 172.51 million, respectively, which shows a decrease of Php 73.02 million or 42.33%. As previously stated, no new projects were started, and majority of the projects were completed during 2019 which resulted to lower realizable costs via percentage of completion.

- The Group costs of services in 2019 and 2018 amounted Php 252.11 million and Php 203.30 million, respectively, which shows an increase of Php 48.81 million or 24.01%. The net increase primarily came from the personnel costs and depreciation.

- The Group depreciation and amortization in 2019 and 2018 amounted to Php 115.08 million and Php 90.19 million, respectively, which shows an increase of Php 24.90 million or 27.60%. The increase primarily came from the additional depreciation and amortization charges from the acquisition of equipment in 2019. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 97.28 million, and General and Administrative – Php 17.81 million.

- The Group personnel costs in 2019 and 2018 amounted to Php 122.94 million and Php 110.53 million, respectively, which shows an increase of Php 12.42 million or 11.23%. The increase primarily came from higher salary costs. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 83.17 million, and General and Administrative Expense – Php 39.77 million.

- The Group repairs and maintenance in 2019 and 2018 amounted to Php 45.64 million and Php 47.89 million, respectively, which shows a decrease of Php 2.25 million or 4.70%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 41.50 million, and General and Administrative Expense – Php 4.14 million.

- The Group fuel and oil in 2019 and 2018 amounted to Php 9.61 million and Php 15.48 million, respectively, which shows a decrease of Php 5.87 million or 37.89%. The decrease primarily came from the lesser fuel and oil requirements. The said account is presented in the financial statements for 2019 under Cost of Services.

- The Group transportation and travel in 2019 and 2018 amounted to Php 17.59 million and Php 10.13 million, respectively, which shows an increase of Php 7.45 million or 73.56%. The increase primarily came from the higher transportation and travel operating requirements. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 7.34 million, and General and Administrative Expense – Php 10.24 million.

- The Group taxes and licenses in 2019 and 2018 amounted to Php 20.68 million and Php 17.28 million, respectively, which shows an increase of Php 3.40 million or 19.67%. The increase primarily came from the higher tax base and taxable transactions. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 5.84 million, and General and Administrative Expense – Php 14.84 million.

- The Group professional and legal fees in 2019 and 2018 amounted to Php 62.73 million and Php 48.69 million, respectively, which shows an increase of Php 14.04 million or 28.85%. The increase primarily came from the additional services availed from professionals and increases in fees for the year 2019. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 5.33 million, and General and Administrative Expense – Php 57.40 million.

- The Group entertainment, amusement, and recreation in 2019 and 2018 amounted to Php 9.05 million and Php 5.33 million, respectively, which shows an increase of Php 3.72 million or 69.68%. The increase primarily came from the higher entertainment, amusement, and recreation incurred by PGDI. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group rentals and utilities in 2019 and 2018 amounted to Php 8.89 million and Php 7.12 million, respectively, which shows an increase of Php 1.78 million or 24.94%. The increase primarily came from higher and utilities expenses incurred by the Group. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group Commissions in 2019 and 2018 amounted to Php 19.00 million and Php 27.27 million, respectively, which shows a decrease of Php 8.27 million or 30.33%. The decrease primarily came from the lower available units for sale. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group filing and listing fees in 2019 and 2018 amounted to Php 14.05 million and Php 6.63 million, respectively, which shows an increase of Php 7.42 million or 111.97%. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group outside services in 2019 and 2018 amounted to Php 9.18 million and Php 3.25 million, respectively, which shows an increase of Php 5.93 million or 182.75%. The increase primarily came from the additional services availed in 2019. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group freight and handling in 2019 and 2018 amounted to Php 1.57 million and Php 1.54 million, respectively, which shows an increase of Php 0.02 million or 1.57%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group supplies and materials in 2019 and 2018 amounted to Php 1.19 million and Php 1.61 million, respectively, which shows a decrease of Php 0.42 million or 26.10%.

The decrease came from the lower supplies and materials requirement of the Group. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group advertising and promotions in 2019 and 2018 amounted to Php 0.41 million and Php 0.97 million, respectively, which shows a decrease of Php 0.56 million or 57.72%. The decrease primarily came from the lower advertising and promotion costs of GLCI. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group other expenses in 2019 and 2018 amounted to Php 3.39 million and Php 21.26 million, respectively, which shows a decrease of Php 17.87 million or 84.07%. The decrease primarily came from the lower other expense requirement of the Group. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 2.03 million, and General and Administrative Expense – Php 1.36 million.

- The Group unrealized gain on revaluation of land in 2019 and 2018 amounted to Php 816.49 million and Nil, respectively, which shows an increase of Php 816.49 million. The increase came from the recognition of the unrealized gain from investment property. The said account under Other Income (Charges).

- The Group interest income in 2019 and 2018 amounted to Php 6.29 million and Php 4.67 million, respectively, which shows an increase of Php 1.62 million or 34.61%. The increase primarily came from the higher cash in bank balances. The said account under Other Income (Charges).

- The Group impairment losses in 2019 and 2018 amounted to Php 58.53 million and Php 158.41 million, respectively, which shows a decrease of Php 99.88 million or 63.05%. The decrease in impairment losses came from the fewer recognition of additional impairments. The said account is presented under Other Income (Charges).

- The Group interest expense in 2019 and 2018 amounted to Php 317.96 million and Php 187.83 million, respectively, which shows an increase of Php 130.13 million or 69.28%. The increase primarily came from the lower capitalized interest expenses. The said account is presented under Other Income (Charges).

2018

- The Group real estate sales in 2018 and 2017 amounted to Php 182.71 million and Php 479.48 million, respectively, which shows a decrease of Php 296.76 million or 61.89%. In 2018, there was a further slowdown in GLCI's real estate sales and construction works which resulted in the aforesaid decrease.

- The Group mining service revenue in 2018 and 2017 amounted to Php 294.93 million and Php 247.14 million, respectively, which shows an increase of Php 47.79 million or 19.34%. In 2018, PGDI's increase in mining service revenue resulted from the increase in tonnages it served.

- The Group service income in 2018 and 2017 amounted to Php 2.51 million and Php 1.65 million, respectively, which shows an increase of Php 0.87 million or 52.47%. The increase came from resort operations of TCNBI, a wholly-owned subsidiary of WPP.

- The Group film rights in 2018 and 2017 amounted to Php –nil- and 0.43 million, respectively. There were no film rights sold for 2018.

- The Group cost of real estate sales in 2018 and 2017 amounted to Php 172.51 million and Php 289.05 million, respectively, which shows a decrease of Php 116.54 million or 40.32%. As previously stated, there was a further slowdown in GLCI's real estate constructions which resulted in the aforesaid decrease.

- The Group costs of services in 2018 and 2017 amounted Php 203.30 million and Php 221.33 million, respectively, which shows a decrease of Php 18.03 million or 8.15%. The net decrease primarily came from the higher salaries & wages, pension expenses, and repairs and maintenance, and the lower rentals and utilities, fuel and oil, and miscellaneous expenses.

- The Group depreciation and amortization in 2018 and 2017 amounted to Php 90.19 million and Php 85.67 million, respectively, which shows an increase of Php 4.52 million or 5.28%. The increase primarily came from the additional depreciation and amortization charges in 2018. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 56.11 million, and General and Administrative – Php 34.08 million.

- The Group personnel costs in 2018 and 2018 amounted to Php 110.53 million and Php 108.64 million, respectively, which shows an increase of Php 1.89 million or 1.74%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 65.91 million, and General and Administrative Expense – Php 44.62 million.

- The Group fuel and oil in 2018 and 2017 amounted to Php 15.48 million and Php 37.74 million, respectively, which shows a decrease of Php 22.26 million or 58.99%. The decrease primarily came from the decrease in the fuel and oil requirements of PGDI. The said account is presented in the financial statements for 2018 under Cost of Services.

- The Group repairs and maintenance in 2018 and 2017 amounted to Php 47.89 million and Php 37.09 million, respectively, which shows an increase of Php 10.79 million or 29.10%. The increase primarily came from the extensive repairs and maintenance performed during the year. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 47.32 million, and General and Administrative Expense – Php 0.57 million.

- The Group taxes and licenses in 2018 and 2017 amounted to Php 17.28 million and Php 16.75 million, respectively, which shows an increase of Php 0.53 million or 3.16%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.06 million, and General and Administrative Expense – Php 12.22 million.

- The Group transportation and travel in 2018 and 2017 amounted to Php 10.13 million and Php 6.52 million, respectively, which shows an increase of Php 3.62 million or 55.52%. The increase primarily came from the additional transportation and travel requirements of PHA and PGDI. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.07 million, and General and Administrative Expense – Php 5.06 million.

- The Group professional and legal fees in 2018 and 2017 amounted to Php 48.69 million and Php 25.16 million, respectively, which shows an increase of Php 23.53 million or 93.54%. The increase primarily came from the additional services availed from professionals for the year 2018. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.25 million, and General and Administrative Expense – Php 43.44 million.

- The Group rentals and utilities in 2018 and 2017 amounted to Php 7.12 million and Php 12.28 million, respectively, which shows a decrease of Php 5.16 million or 42.04%. The decrease primarily came from lower and utilities expenses incurred by the Group. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 0.20 million, and General and Administrative Expense – Php 6.92 million.

- The Group entertainment, amusement, and recreation in 2018 and 2017 amounted to Php 5.33 million and Php 3.06 million, respectively, which shows an increase of Php 2.27 million or 74.13%. The increase primarily came from the additional entertainment, amusement, and recreation incurred by PGDI. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 2.63 million, and General and Administrative Expense – Php 2.70 million.

- The Group Commissions in 2018 and 2017 amounted to Php 27.27 million and Php 27.24 million, respectively, which shows an increase of Php 0.03 million or 0.09%. There was no material change in this account. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group outside services in 2018 and 2017 amounted to Php 3.25 million and Php 2.10 million, respectively, which shows an increase of Php 1.14 million or 54.39%. The net decrease primarily came from the lower security services incurred by PGDI and the higher security services and outside services incurred by WPP. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group supplies and materials in 2018 and 2017 amounted to Php 1.61 million and Php 2.06 million, respectively, which shows a decrease of Php 0.44 million or 21.54%. The decrease came from the lower supplies and materials requirement of the Group. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group advertising and promotions in 2018 and 2017 amounted to Php 0.97 million and Php 1.77 million, respectively, which shows a decrease of Php 0.81 million or 45.48%. The decrease primarily came from the lower advertising and promotion costs of GLCI. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group freight and handling in 2018 and 2017 amounted to Php 1.54 million and Php 1.69 million, respectively, which shows a decrease of Php 0.15 million or 8.78%. The decrease primarily came from the lower freight and handling requirements of PGDI. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group filing and listing fees in 2018 and 2017 amounted to Php 6.63 and nil, respectively. This account represents the filing and listing fees incurred by PGDI. The said account is present in the financial statements for 2018 under General and Administrative Expenses.

- The Group other expenses in 2018 and 2017 amounted to Php 21.26 million and Php 32.80 million, respectively, which shows a decrease of Php 11.54 million or 35.19%. The decrease primarily came from the lower other expenses requirement of the Group. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 0.28 million, and General and Administrative Expense – Php 20.98 million.

- The Group interest income in 2018 and 2017 amounted to Php 4.67 million and Php 7.16 million, respectively, which shows a decrease of Php 2.49 million or 34.72%. The decrease primarily came from the reduced cash in bank balances. The said account under Other Income (Charges).

- The Group impairment losses in 2018 and 2017 amounted to Php 158.41 million and Php 0.22 million, respectively, which shows an increase of Php 158.38 million or 702,052.81%. The increase in impairment losses came from impairments of receivables, and certain assets. The said account is presented under Other Income (Charges).

- The Group interest expense in 2018 and 2017 amounted to Php 187.83 million and Php 95.66 million, respectively, which shows an increase of Php 92.17 million or 96.35%. The increase primarily came from the additional interest-bearing loans incurred in 2018. The said account is presented under Other Income (Charges).

- The Group other income in 2018 and 2017 amounted to Php 19.87 million and Php 26.78 million, respectively, which shows a decrease of Php 6.91 million or 25.81%. The decrease primarily came from lower other income of GLCI. The said account is presented under Other Income (Charges).

FINANCIAL POSITION

2020

The Company's total assets as of December 31, 2020 and 2019 amounted to Php3,896.80 million and Php4,069.26 million, respectively, which shows a decrease of Php 172.46 million or 4.24%. The Company's total liabilities as of December 31, 2020 and 2019 amounted to Php2,683.24 million and Php3,049.77 million, respectively, which shows a decrease of Php366.53 million or 12.02%. The Company's equity attributable to parent as of December 31, 2020 and 2019 amounted to Php867.91 million and Php686.02 million, respectively, which shows an increase of Php181.89 million or 26.51%. The Company's equity attributable to non-controlling interests as of December 31, 2020 and 2019 amounted to Php345.65 million and Php333.47 million, respectively, which shows an increase of Php 12.18 million or 3.65%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Cash as of December 31, 2020 and 2019 amounted to Php 124.52 million and Php 81.56 million, respectively, which shows an increase of Php 42.96 million or 52.67%. Cash flows provided by operating activities amounted to Php178.01 million. Cash flows used in investing activities amounted to Php77.06 million. Cash flows used in financing activities amounted to Php58.00 million. The net increase in cash flow amounted to Php42.96 million.

- Receivables - net as of December 31, 2020 and 2019 amounted to Php 66.62 million and Php 84.57 million, respectively, which shows a decrease of Php 17.95 million or 21.22%. The decrease came from better collections of receivables.

- Contract assets as of December 31, 2020 and 2019 amounted to Php316.49 million and Php673.43 million, respectively, which shows a decrease of Php356.93 million or 53.00%. The decrease came from the substantial full collections of real estate sales. Current portion of this account as of December 31, 2020 and 2019 amounted to Php Php250.55 million and Php618.36 million, respectively. Noncurrent portion of this account as of December 31, 2020 and 2019 amounted to Php65.95 million and Php55.07 million, respectively.

- Real estate held for sale as of December 31, 2020 and 2019 amounted to Php831.73 million and Php1,025.56 million, respectively, which shows a decrease of Php193.82 million or 18.90%. The decrease came from the new real estate sales generated in 2020.

- Other current assets as of December 31, 2020 and 2019 amounted to Php186.58 million and Php134.30 million, respectively, which shows an increase of Php 52.28 million or 38.93%. The increase primarily came from higher nontrade receivables and tax credits.

- Investment property as of December 31, 2020 and 2019 amounted to Php1,666.39 million and Php1,298.47, respectively, which shows an increase of Php367.92 million or 28.33%. Investment property is carried at fair value, resulting in an increase representing the unrealized gain of Php 367.92 million in 2020.

- Property and equipment - net as of December 31, 2020 and 2019 amounted to Php231.18 million and Php310.71 million, respectively, which shows a decrease of Php79.53 million or 25.60%. The net decrease primarily came from depreciation and disposals of certain heavy equipment, transportation equipment, and office & other equipment in 2020.

- Right-of-use assets as of December 31, 2020 and 2019 amounted to Php0.68 million and Php1.35 million, respectively which shows a decrease of Php 0.67 million or 49.61%., which represents the depreciation of the right-of-use assets.

- Deferred tax assets as of December 31, 2020 and 2019 amounted to Php35.68 million and Php31.60 million, respectively, which shows an increase of Php4.08 million or 12.92%. The net decrease primarily came from the reversal of temporary tax differences in 2020.

- Other noncurrent assets as of December 31, 2020 and 2019 amounted to Php13.81 million and Php17.75 million, respectively, which shows a decrease of Php3.94 million or 22.20%. The decrease primarily came from the input VAT availed and security deposits collected.

- Trade and other payables as of December 31, 2020 and 2019 amounted to Php 748.93 million and Php 582.66 million, respectively, which shows an increase of Php 166.27 million or 28.54%. The net increase primarily came from higher trade payables, customers deposits, advances, and other payables.

- Contract liabilities as of December 31, 2020 and 2019 amounted to Php7.82 million and 11.91, respectively, which shows a decrease of Php 4.09 million or 34.35%. The decrease came from payments made in 2020.

- Short term loans as of December 31, 2020 and 2019 amounted to Php225.96 million and Php 233.03 million, respectively, which shows a decrease of Php 7.06 million or 3.03%. The decrease came from payments made in 2020.

- Purchased land payable as of December 31, 2020 and 2019 amounted to Php18.10 million and Php49.36 million, respectively, which shows a decrease of Php31.26 million or 63.33%. The decrease came from payments made in 2020.

- Loans payable as of December 31, 2020 and 2019 amounted to Php 351.37 million and Php 992.10 million, respectively, which shows a decrease of Php 640.74 million or 64.58%. The decrease came from the payments made in 2020. Current portion of loans payable as of December 31, 2020 and 2019 amounted to Php311.37 million and Php748.30 million, respectively. Noncurrent portion of loans payable as of December 31, 2020 and 2019 amounted to Php40.00 million and Php243.81 million, respectively.

- Obligations under finance lease as of December 31, 2020 and 2019 amounted to Php0.53 million and Php2.36 million, respectively, which shows a decrease of Php1.83 million or 77.63%. The decrease came from the payments made in 2020. This account is presented under current liabilities.

- Convertible loans as of December 31, 2020 and 2019 amounted to Php495.01 million and Php494.53 million, respectively, which shows an increase of Php0.47 million or 0.10 %. The account balance did not materially change from last year. Current portion of Convertible loans as of December 31, 2020 and 2019 amounted to Php400.37 million and 131.32 million, respectively. Noncurrent portion of Convertible loans as of December 31, 2020 and 2019 amounted to Php94.64 million and Php363.21 million, respectively.

- Installment payable as of December 31, 2020 and 2019 amounted to Php17.06 million and Php75.46 million, respectively, which shows a decrease of Php 58.40

million or 77.40%. The decrease came from payments made in 2020. Current portion of installment payable as of December 31, 2020 and 2019 amounted to Php17.06 million and Php58.40 million, respectively. Noncurrent portion of Installment payable as of December 31, 2020 and 2019 amounted to -nil- and Php17.06 million, respectively.

- Lease liability as of December 31, 2020 and 2019 amounted to Php0.87 million and Php1.44 million, respectively. The decrease came from payments made in 2020. Current portion of lease liability as of December 31, 2020 and 2019 amounted to Php0.68 million and Php0.86 million, respectively. Noncurrent portion of lease liability as of December 31, 2020 and 2019 amounted to Php0.19 million and Php 0.58 million, respectively.

- Loans from officers and shareholders as of December 31, 2020 and 2019 amounted to Php64.50 million and Php78.30, respectively, which shows a decrease of Php13.80 million or 17.62%. The decrease came from payments made in 2020.

- Pension liabilities as of December 31, 2020 and 2019 amounted to Php34.02 million and Php26.00 million, respectively, which shows an increase of Php8.03 million or 30.87%. The increase primarily came from the remeasurement loss on defined benefit obligation incurred in 2020.

- Deposit for future stock subscription as of December 31, 2020 and 2019 amounted to Php113.00 million and nil, respectively. This represents the collection of funds for equity subscription.

- Deferred tax liabilities as of December 31, 2020 and 2019 amounted to Php509.35 million and Php405.88 million, respectively, which shows an increase of Php103.46 million or 25.49%. The increase primarily came from the additional deferred taxes of the unrealized gain on revaluation of land.

- Capital stock as of December 31, 2020 and 2019 amounted to Php563.53 million and Php 497.62 million, respectively, which shows an increase of Php 65.91 million or 13.24%. The increase came from the additional subscription to outstanding common shares.

- Additional paid-in capital as of December 31, 2020 and 2019 amounted to Php117.45 million and Php97.02 million, respectively, which shows an increase of Php20.43 million or 21.06%. The increase came from the additional subscription to outstanding common shares, net of stock issuance cost.

- Retained Earnings as of December 31, 2020 and 2019 amounted to Php186.92 million and Php91.38 million, respectively, which shows an increase of Php95.55 million or 104.56%. The increase came from the 2020 net income.

2019

The Company's total assets as of December 31, 2019 and 2018 amounted to Php 4,069.26 million and Php 3,777.93 million, respectively, which shows an increase of Php 291.33 million or 7.71%. The Company's total liabilities as of December 31, 2019 and 2018 amounted to Php 3,049.77 million and Php 2,997.28 million, respectively, which shows an increase of Php 52.49 million or 1.75%. The Company's equity attributable to parent as of December 31, 2019 and 2018 amounted to Php 686.02 million and Php 277.87 million, respectively, which shows an increase of Php 408.14 million or 146.88%. The Company's equity attributable to non-controlling interests as of December 31, 2019 and 2018 amounted to Php 333.47 million and Php 502.77 million, respectively, which shows a decrease of Php 169.30 million or 33.67%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Cash as of December 31, 2019 and 2018 amounted to Php 81.56 million and Php 68.98 million, respectively, which shows an increase of Php 12.58 million or 18.24%. Cash flows used in operating activities amounted to Php 19.62 million. Cash flows used in investing activities amounted to Php 97.97 million. Cash flows used in financing activities amounted to Php 130.17 million. These resulted to a net increase in cash flow of Php 12.58 million.

- Receivables - net as of December 31, 2019 and 2018 amounted to Php 84.57 million and Php 86.34 million, respectively, which shows a decrease of Php 1.77 million or 2.05%. The account balance did not materially change from last year.

- Contract assets – current portion as of December 31, 2019 and 2018 amounted to Php 618.36 million and Php 1,028.15 million, respectively, which shows a decrease of 409.79 million or 39.86%. Since no new sales from new projects were generated, and substantial contract assets were collected during the year, the balance of contract receivables decreased.

- Real estate held for sale as of December 31, 2019 and 2018 amounted to Php 1,025.56 million and Php 1,606.44 million, respectively, which shows a decrease of Php 580.89 million or 36.16%. The decrease primarily came from the reclassification of certain real properties to investment properties.

- Other current assets as of December 31, 2019 and 2018 amounted to Php 134.30 million and Php 92.36 million, respectively, which shows an increase of Php 41.94 million or 45.41%. The increase primarily came from the higher input vat and tax credits.

- Investment property as of December 31, 2019 and 2018 amounted to Php 1,298.47 million and nil, respectively. This account came from the reclassifications due of certain real properties from real estate held for sale to investment properties. Investment property is carried at fair value which resulted to an unrealized gain of Php 816.49 million in 2019.

- Non-current portion of contract asset as of December 31, 2019 and 2018 amounted to Php 55.07 million and Php 111.73 million, respectively, which shows a decrease of Php 56.67 million or 50.72% The decrease came from the reclassification of the noncurrent portion of contract assets to current.

- Property and equipment - net as of December 31, 2019 and 2018 amounted to Php 310.71 million and Php 294.92 million, respectively, which shows an increase of Php 15.80 million or 5.36%. The net increase primarily came from the additional acquisitions and depreciation in 2019.

- Right of use assets as of December 31, 2019 and 2018 amounted to Php 1.35 million and nil, respectively. This account came from the adoption of a new accounting standard in 2019.

- Deferred tax assets as of December 31, 2019 and 2018 amounted to Php 31.60 million and Php 32.77 million, respectively, which shows a decrease of Php 1.17 million or 3.58%. The net decrease primarily came from the reversal of temporary tax differences in 2019.

- Other noncurrent assets as of December 31, 2019 and 2018 amounted to Php 17.75 million and Php 45.83 million, respectively, which shows a decrease of Php 28.08 million or 61.27%. The decrease primarily came from the full collection of advances to suppliers.

- Trade and other payables as of December 31, 2019 and 2018 amounted to Php748.93 million and Php 924.99 million, respectively, which shows a decrease of Php 176.06 million or 19.03%. The net decrease primarily came from the payment and reclassification of certain advances.

- Contract liabilities as of December 31, 2019 and 2018 amounted to Php 11.91 and 29.69, respectively, which shows a decrease of Php 17.78 million or 59.89%. The decrease primarily came from payments made in 2019.

- Income tax payable as of December 31, 2019 and 2018 amounted to Nil and Php 0.67 million, respectively, which shows a decrease of Php 0.67 million or 100%. The Company has no income tax still due as of December 31, 2019.

- Short term loans as of December 31, 2019 and 2018 amounted to Php 233.03 million and Php 272.93 million, respectively, which shows a decrease of Php 39.90 million or 14.61%. The decrease came from the short-term loan payments in 2019.

- Purchased land payable as of December 31, 2019 and 2018 amounted to Php 49.36 million and Php 100.86 million, respectively, which shows a decrease of Php 51.50 million or 51.06%. The decrease came from the payments made in 2019. Current portion of purchased land payable as of December 31, 2019 and 2018 amounted to Php 49.36 million and Php 92.39 million, respectively. Noncurrent portion of purchased land payable as of December 31, 2019 and 2018 amounted to Php nil and Php 8.48 million, respectively.

- Loans payable as of December 31, 2019 and 2018 amounted to Php 992.10 million and Php 1,041.26 million, respectively, which shows a decrease of Php 49.16 million or 4.72%. The decrease came from the payments made in 2019. Current portion of loans payable as of December 31, 2019 and 2018 amounted to Php 748.30 million and Php 674.82 million, respectively. Noncurrent portion of loans payable as of

December 31, 2019 and 2018 amounted to Php 243.81 million and Php 366.44 million, respectively.

- Obligations under finance lease as of December 31, 2019 and 2018 amounted to Php 2.36 million and Php 7.82 million, respectively, which shows a decrease of Php 5.46 million or 69.82%. The decrease came from the payments made in 2019. Current portion of Obligations under finance lease as of December 31, 2019 and 2018 amounted to Php 2.36 million and Php 3.78 million, respectively. Noncurrent portion of Obligations under finance lease as of December 31, 2019 and 2018 amounted to Nil and Php 4.04 million, respectively.

- Convertible loans as of December 31, 2019 and 2018 amounted to Php 494.5 million and Php 515.9 million, respectively, which shows a decrease of Php 21.4 million or 4.14%. The decrease came from the payments made in 2019. Current portion of Convertible loans as of December 31, 2019 and 2018 amounted to Php 131.3 million and nil, respectively. Noncurrent portion of Convertible loans as of December 31, 2019 and 2018 amounted to Php 363.2 million and Php 515.9 million, respectively.

- Installment payable as of December 31, 2019 and 2018 amounted to Php 75.46 million and Php 13.55 million, respectively, which shows an increase of Php 61.90 million or 456.68%. The increase came from the new loans for the acquisition of equipment in 2019. Current portion of installment payable as of December 31, 2019 and 2018 amounted to Php 58.40 million and Php 8.65 million, respectively. Noncurrent portion of Installment payable as of December 31, 2019 and 2018 amounted to Php 17.06 million and Php 4.91 million, respectively.

- Lease liability as of December 31, 2019 and 2018 amounted to Php 1.44 million and nil, respectively. The lease liability came from the adoption of a new accounting standard. Current portion of lease liability as of December 31, 2019 and 2018 amounted to Php 0.86 million and nil, respectively. Noncurrent portion of lease liability as of December 31, 2019 and 2018 amounted to Php 0.58 million and nil, respectively.

- Loans from third parties as of December 31, 2019 and 2018 amounted to Php 8.00 million and Php nil, respectively. The balance came from the reclassification made in 2019.

- Loans from officers and shareholders as of December 31, 2019 and 2018 amounted to Php 78.3 million and Php nil, respectively. The balance came from the reclassification made in 2019.

- Pension liabilities as of December 31, 2019 and 2018 amounted to Php 26.00 million and Php 13.33 million, respectively. The increase primarily came from remeasurement loss on defined benefit obligation incurred in 2019.

- Callable loans as of December 31, 2019 and 2018 amounted to Php 22.00 million and Php 15.00 million, respectively, which shows an increase of Php 7.00 million or 46.67%. The increase came from the additional callable loans availed in 2019.

- Deferred tax liabilities as of December 31, 2019 and 2018 amounted to Php 405.88 million and Php 192.47 million, respectively, which shows an increase of Php 213.42 million or 110.89%. The increase primarily came from the deferred taxes of the unrealized gain on revaluation of land.

- Capital stock as of December 31, 2019 and 2018 amounted to Php 497.62 million and Php 472.72 million, respectively, which shows an increase of Php 24.91 million or 5.27%. The increase came from the collection of subscription receivables in 2019. As of December 31, 2019, all capital stock subscription receivables were fully collected.

- Additional paid-in capital as of December 31, 2019 and 2018 amounted to Php 97.02 million and Php 66.07 million, respectively, which shows an increase of Php 30.95 million or 46.84%. The increase came from the sale of the parent company shares held by a subsidiary.

- Retained Earnings (Deficit) as of December 31, 2019 and 2018 amounted to Php 91.38 million and Php (140.69) million, respectively, which shows an increase of 232.07 million or 164.95%. The increase came from the net income generated in 2019.

- Parent company shares held by a subsidiary as of December 31, 2019 and 2018 amounted to Nil and Php 120.23 million, respectively, which shows a decrease of Php 120.23 million or 100%. The decrease came from the sale of the parent company shares held by a subsidiary in 2019.

2018

The Company's total assets as of December 31, 2018 and 2017 amounted to Php 3,777.93 million and Php 4,096.55 million, respectively, which shows a decrease of Php 318.62 million or 7.78%. The Company's total liabilities as of December 31, 2018 and 2017 amounted to Php 2,997.28 million and Php 3,094.38 million, respectively, which shows a decrease of Php 97.10 million or 3.14%. The Company's equity attributable to parent as of December 31, 2018 and 2017 amounted to Php 277.87 million and Php 591.84 million, respectively, which shows a decrease of Php 313.97 million or 53.05%. The Company's equity attributable to non-controlling interests as of December 31, 2018 and 2017 amounted to Php 502.77 million and Php 410.33 million, respectively, which shows an increase of Php 92.44 million or 22.53%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Receivables - net as of December 31, 2018 and 2017 amounted to Php 86.34 million and Php 1,424.67 million, respectively, which shows a decrease of Php 1,338.33 million or 93.94%. The decrease primarily came from the collections of contract receivables and reclassifications to contract asset due to adoption of new accounting standards.

- Contract asset – current portion as of December 31, 2018 and 2017 amounted to Php 1,028.15 and Nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.

- Real estate held for sale as of December 31, 2018 and 2017 amounted to Php 1,606.44 million and Php 1,403.77 million, respectively, which shows an increase of Php 202.67 million or 14.44%. The increase primarily came from the additional construction and development costs of the Company's real estate assets and the lower cost of real estate sales recognized during the year.

- Other current assets as of December 31, 2018 and 2017 amounted to Php 92.36 million and Php 315.00 million, respectively, which shows a decrease of Php 222.64 million or 70.68%. The decrease primarily came from the lower balance of advances to contractors and the lower supplies inventory of PGDI.

- Non-current portion of contract asset as of December 31, 2018 and 2017 amounted to Php 111.73 and nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.

- Non-current portion of contracts receivable as of December 31, 2018 and 2017 amounted to Nil and Php 220.98 million, respectively, which shows a decrease of Php 109.25 million or 49.44%. The decrease primarily came from the reclassifications due to adoption of new accounting standards.

- Deferred exploration costs as of December 31, 2018 and 2017 amounted to Php 390.20 million and -nil-, respectively. This account represents the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC for the Panitian Limestone Project.

- Goodwill and intangible assets as of December 31, 2018 and 2017 amounted to Php 20.21 million and Php 143.71 million, respectively, which shows a decrease of Php 123.50 million or 85.94%. The decrease came from the amortization of intangible assets and recognition of impairment losses on goodwill, film rights, and exclusive distribution rights.

- Property and equipment - net as of December 31, 2018 and 2017 amounted to Php 294.92 million and Php 330.39 million, respectively, which shows a decrease of Php 35.47 million or 10.74%. The net decrease primarily came from the additional acquisitions and depreciation during the year.

- Other noncurrent assets as of December 31, 2018 and 2017 amounted to Php 45.83 million and Php 187.87 million, respectively, which shows a decrease of Php 142.04 million or 75.61%. The decrease primarily came from the lower balance of advances to supplier and advances for projects.

- Trade and other payables as of December 31, 2018 and 2017 amounted to Php 924.99 million and Php 1,025.8 million, respectively, which shows a decrease of Php 100.81 million or 9.83%. The net decrease primarily came from the additional advances from shareholder and customer's deposit and advances, and the payments of trade payables and advances from third parties.

- Contract liabilities as of December 31, 2018 and 2017 amounted to Php 29.69 and nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.

- Short-term loans as of December 31, 2018 and 2017 amounted to Php 272.93 million and Php 238.13 million, respectively, which shows an increase of Php 34.80 million or 14.61%. The increase primarily came from the additional short-term loans availed by the Group.

- Dividends payable as of December 31, 2018 and 2017 amounted to Php 39.80 million and -nil-, respectively. The dividends payable came from the property and cash dividends declared by PHA.

- Capital gains tax payable – current portion as of December 31, 2018 and 2017 amounted to Php 16.82 million and Php 6.69 million, respectively, which shows an increase of Php 10.13 million or 151.35%. The increase came from the reclassification from non-current to current.

- Income tax payable as of December 31, 2018 and 2017 amounted to Php 0.67 million and Php 0.34 million, respectively, which shows an increase of Php 0.32 million or 93.43%. The increase primarily came from the higher taxable income.

- Purchased land payable – current portion as of December 31, 2018 and 2017 amounted to Php 92.39 million and Php 148.90 million, respectively, which shows a decrease of Php 56.52 million or 37.96%. The decrease primarily came from the payments made during the year.

- Loans payable – current portion as of December 31, 2018 and 2017 amounted to Php 674.82 million and Php 407.70 million, respectively, which shows an increase of Php 267.12 million or 65.52%. The increase primarily came from additional loans availed during the year.

- Obligations under finance lease – current portion as of December 31, 2018 and 2017 amounted to Php 3.78 million and Php 26.12 million, respectively, which shows a decrease of Php 22.34 million or 85.51%. The decrease primarily came from payments made during the year.

- Installment payable – current portion as of December 31, 2018 and 2017 amounted to Php 8.65 and Php –nil-, respectively, which shows an increase of Php 8.65 million or 100%. The increase came from the installment loan availed during the year.

- Capital gains tax payable – noncurrent as of December 31, 2018 and 2017 amounted to Php 10.13 million and Php 20.25 million, respectively which shows a decrease of Php 10.13 million or 50.00%. The decrease from the payment of reclassification from non-current to current.

- Convertible loans as of December 31, 2018 and 2017 amounted to Php 515.9 million and Php 573.4 million, respectively, which shows a decrease of Php 57.50 million or 10.00%. The decrease primarily came from the payments made during the year.

- Callable loans as of December 31, 2018 and 2017 amounted to Php 15.00 million and -Nil, respectively. This represents the loan which will be used to finance the land developments in Nagtabon beach and to finance the purchase of lots.

- Purchased land payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 8.48 million and Php 20.37 million, respectively, which shows a decrease of Php 11.89 million or 58.37%. The decrease primarily came from the reclassification of non-current to current.

- Loans payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 366.44 million and Php 566.76 million, respectively, which shows a decrease of Php 200.31 million or 35.34%. The decrease primarily came from the reclassification of non-current to current.

- Obligations under finance lease – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 4.04 million and Php 8.62 million, respectively, which shows a decrease of Php 4.59 million or 53.18%. The decrease primarily came from the reclassification of non-current to current.

- Installment payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 4.91 and -Nil-, respectively. This represents the non-current portion of the installment loan availed during 2018.

- Deferred tax liabilities as of December 31, 2018 and 2017 amounted to Php 192.47 million and Php 236.04 million, respectively, which shows a decrease of Php 43.57 million or 18.46%. The decrease primarily came from the reversal of certain deferred tax liabilities during 2018.

Item 7. Financial Statements

The Company's Consolidated Financial Statements containing 119 pages are duly filed and annexed as part of this Annual Report.

Item 8. Information on Independent Auditor and Other Related Matters

(1) External Auditor's Fees and Services

a) Audit Fees

The Company has engaged SGV & Company as its external auditor for the last three (3) fiscal years. SGV has conducted the financial audit of the group including the parent company and its various operating subsidiaries. For this service, the total billing of SGV (VAT exclusive) were, Php 3,112,000.00, Php3,415,500.00, Php2,095,000.00 for 2020, 2019, and 2018 respectively.

b) Tax Fees

Aside from the aforementioned activities, the Company or any of its subsidiaries has not engaged SGV for any other services.

c) All Other Fees

Aside from the audit fees disclosed under letter (a) above, the Company has engaged the services of SGV for the Due Diligence Audit of Goshen Land Capital Inc. for it acquisition of 55% in the company in about April to May 2015.

(2) Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

During the audit, the Company and SGV did not have any material disagreements on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Officers

(1) Directors:

NAME	AGE	CITIZENSHIP	POSITION HELD	TERM OF OFFICE
Augusto M. Cosio, Jr.	69	Filipino	Chairman/Director	December 18, 2020
Augusto Antonio C. Serafica, Jr.	59	Filipino	President & CEO	Jan 01, 2015
George Edwin Y. Sycip	64	American	Regular Director	Feb 06, 2018 -Present
Raul Ma. F. Anonas	58	Filipino	EVP/COO/Regular Director	Jan 01, 2015 / Sept 2012 - Present
Felipe A. Judan	72	Filipino	Independent Director	December 13, 2019 - Present
Victor Y. Lim, Jr.	75	Filipino	Regular Director	July 28, 2015 - Present
Roberto B. Ortiz	69	Filipino	Regular Director	December 18, 2020
Brandon Benito P. Leong	36	Filipino	Regular Director	December 18, 2020
Elisa May Arboleda-Cuevas	59	Filipino	Independent Director	December 18, 2020

Mr. Augusto M. Cosio, Jr. (Chairman, Director)

Mr. Cosio (age 69), "Gus" among friends and social media followers, was elected as a Regular Director and Chairman of PHA on December 2020. Mr. Cosio is also currently the President & CEO of the listed company,MRC. He was previously President of First Metro Asset Management Inc. (FAMI) which managed mutual funds with total assets under management of around 11 billion pesos at the time of his retirement in June 2018. He joined the First Metro Investment Corporation Investment (FMIC) group in 2006 where he had been an active member of its investment committee. Mr. Cosio has had extensive experience in investments and the capital markets both locally and internationally. He served as consultant to the Mutual Fund Company of the Philippines (Kabuhayan Fund) from 2005 to 2006 and with the GSIS Mutual Fund (Kinabukasan Fund) from 2002 to 2003. He was Vice President at Bank Austria Private Banking in Hong Kong from 2000 to 2001 managing portfolios for private clients. He was previously President of PNB Securities Inc. and a member of the board of the Philippine Stock Exchange (1999-2000). He also served as Senior Vice President of Security Bank Corporation and SB Capital from 1994 to 1996.

Mr. Cosio had been an international capital markets practitioner from 1977 to 1994 having been worked with Banque Nationale de Paris (1977 to 1981) and Banque Paribas (1984 to 1994), the predecessors of the present BNP Paribas. He worked in Hong Kong and Singapore for the Paribas capital markets group and in the Manila Off-shore Branch of Banque Nationale de Paris. He was fortunate to have operated in the major financial centers of Tokyo, Paris, London and New York as a capital market practitioner with this global bank. Outside his career in finance and investments, he had organized a BPO start-up in 2004 – Trec Global whose investors were New York, USA based – which now boasts of 600 BPO employees. He is also a member of the board of trustees of the Automotive Association of the Philippines (AAP) being a strong advocate of road safety and responsible driving.

Mr. Augusto Antonio C. Serafica, Jr. (Chairman/President & CEO, Director)

Mr. Serafica (age 59) was elected as a Regular Director during the Board meeting on May 2010 and became Chairman in February 06, 2018. Mr. Serafica is also the current Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is also a Regular Director of Marventures Holdings Inc. and Bright Kindle Resources Inc. Mr. Serafica is a veteran investment banker with expertise in mergers and acquisitions, fundraising and placement and business development. Industries that he is quite versed with are mining, real estate and technology. Mr. Serafica is also the past Chairman of the AIM Alumni Association and is the current National Treasurer of the Brotherhood of Christian Businessmen & Professionals. A CPA, Mr. Serafica earned his BA in Accountancy in San Beda College and acquired his MA in Business Management from the Asian Institute of Management.

Mr. George Y. Sycip (Regular Director)

Mr. SyCip (age 64) was elected as Regular Director on February 06, 2018. Mr. SyCip is the President of Halanna Management Corporation and a Founder and Principal in Galaxaco China Group LLC. Mr SyCip advises a variety of companies in their cross-border endeavors between the US, Europe, Asia and Africa. Mr. SyCip had a career in banking, including serving as Chief Financial Officer of United Savings Bank, a leading provider of banking services to California's Asian communities and a major originator of home mortgages in the State during the 1980s. He now sits on several corporate boards including Alliance Select Foods International, Inc., Asian Alliance Investment Corporation, Beneficial Life Insurance Company, Bank of the Orient, and Paxys, Inc. He is also an Advisor to the Board of Cityland Development Corporation. Mr. SyCip currently serves as a Trustee or Director of several nonprofit organizations, including the International Institute of Rural Reconstruction, Give2Asia, Global Heritage Fund, and the California Asia Business Council. Mr SyCip received his A.B. in International Relations/Economics 'With Distinction' from Stanford University and his M.B.A. from Harvard Graduate School of Business Administration.

Mr. Raul F. Anonas (Executive Vice President & Chief Operating Officer, Director)

Mr. Anonas (age 58) was elected as Regular Director of Premiere Horizon in September 2012. Mr. Anonas is the Chairman of Rosabaya Distributors Inc. and Humabon Distributors. He is also the Vice Chairman of First Ardent Property Development Corporation and President & CEO of Rajawali Resources and Holdings Inc. Mr. Anonas is a corporate finance veteran with expertise in investment banking, mergers & acquisitions and project financing. He also has extensive experience as an entrepreneur and has successfully managed start-up companies. Mr. Anonas holds a B.S. Management Degree from the Ateneo de Manila University and an MBA in Finance from Fordham University.

Mr. Felipe Judan (Independent Director)

Mr. Felipe “Philip” Judan (age 72) became a Regular Director of Premiere Horizon Alliance Corporation on December 2019. Mr. Judan brings with him decades of experience and expertise in the logistics and shipping industry. He served as an Undersecretary of Maritime Affairs at the Department of Transportation from 2016 to 2018. He had direct oversight of: Maritime Industry Authority (Marina), Philippine Coast Guard (PCG), Philippine Ports Authority (PPA), Cebu Ports Authority (CPA), and Philippine Merchant Marine Academy (PMMA). He was also the COO and Director of Southwest Maritime Group of Companies from 1993 to 2016. He was President of the various subsidiaries like Southwest Tankers, Inc., Southwest Gas Corporation, SW United Professional Services, Inc to name a few. He was also the President of the National Shipping Corporation of the Philippines (NSCP) from 1987 to 1994. He was Chairman of Interpacific Shipping Corporation, a shipping agency subsidiary of NSCP based in California USA. He was also a former director of Philippine National Construction Corporation and National Trucking & Forwarding Corporation. Sportswise, Mr. Judan has been the President of the Federation of Philippine Amateur Senior Golfers Association, Inc. (FPASGI) and the Confederation of ASEAN Senior Golfers Associations (CASGA). Mr. Judan was born and raised in Muñoz, Nueva Ecija. He graduated “Cum Laude” with a BSBA Degree from the University of the East in 1968. As a Certified Public Accountant, he worked with SGV and was sent as a Scholar to the Asian Institute of Management for his Masters in Business Management Degree.

Mr. Victor Y. Lim, Jr. (Regular Director)

Mr. Lim (age 75) was elected as Regular Director on July 28, 2015. He is currently the Chairman of V2S Property Developers,Inc., President of Yuchengco Lim Development Corporation, Chairman of National Affairs Committee of the Financial Executives Institute of the Philippines (FINEX), Trustee of the Ateneo Scholarships Foundation, Secretary of the International Association of the Financial Executives Istitute, Director of the Ateneo Alumni Association and member of the Management Association of the Philippines. Mr. Lim holds a Bachelor of Science in Economics degree from the Ateneo de Manila University and a Masters in Business Management degree from the Asian Institute of Management.

Mr. Roberto B. Ortiz (Regular Director)

Mr. Ortiz (age 69) was elected as Regular Director of PHA on December 2020. He has also been designated as the Company’s Group CFO. Mr. Ortiz has more than 27 years experience as a CFO and Board Member for various local and multinational corporations engaged in manufacturing, retail and commodities trading. He has also worked with Joaquin Cunanan and Co/ Price Waterhouse focusing on strategic financial management, valuation, investment banking and operations management. He is currently a Financial Advisor of SquidPay Technologies Corporation (SPT), Eastern Securities Development Corp. (ESDC) and privately held large and medium sized corporations.

Mr. Brandon Benito P. Leong (Regular Director)

Mr. Leong (age 36) was elected as a Regular Director of PHA on December 2020. He is also a Director and Operations Head for Eastern Securities Development Corporation, a proud member of the Philippine Stock Exchange, multi-generation, stalwart securities brokerage in continuous operation since 1977. ESDC is a full service, online brokerage with over 5 billion pesos in assets under management. Mr. Leong assists the Company in navigating its industry's increasingly complex regulatory landscape while maintaining a high level of business efficiency. He ensures financial innovation provides optimal shareholder value while never compromising core principles of the Company, investor protections and values of the Philippine capital markets. Mr. Leong provides market education, financial literacy and fintech consultation for teams and organizations seeking to create their digital footprint in Philippines' financial landscape. Mr. Leong brings to bear his unique background in both finance and technology to provide insights and solutions to the challenging interface between customers and the organizations aspiring to deliver innovative financial services. Mr. Leong is a graduate of the University of California Irvine with a degree in Sociology and Business.

Ms. Elisa May Arboleda-Cuevas (Independent Director)

Ms. Arboleda-Cuevas (age 59) was elected as Independent Director of PHA on December 2020. "May", as fondly called by friends and colleagues, is a seasoned professional with an excellent track record as a business leader. She has more than 30 years of experience leading various multi-cultural organizations in the Philippines, Asia Pacific and Europe such as Nestle Philippines, Coca-Cola (Bottlers and Export Corporation), DHL Express (Philippines and DHL Asia Pacific & Global Office in Bonn, Germany). She has also served the government as the first Executive Director of the National Privacy Commission in 2017 and as Undersecretary of the Department of Budget and Management heading the Procurement Service – PHILGEPS Agency as Executive Director in 2019. She is currently a Management Advisor of SquidPay Technologies Corporation. May is a highly results-driven professional with a number of successes in building several brands like Diet Coke, Mentos, Kitkat and DHL express. She has strong analytical skills, creative vision and entrepreneurial flair. May is extremely passionate for continuous improvement, innovation, operational excellence and transformational leadership. These qualities have made her a recognized coach, mentor, and effective leader in business and organization development, integrated marketing communications, strategic planning and commercial operations management.Ms. Arboleda-Cuevas is a graduate of the Ateneo de Manila University with a Degree of Bachelor of Arts in Economics and is currently pursuing her Executive Master's Degree in Business Administration at the Asian Institute of Management. She was one of the select few who underwent the Fellowship & Mentoring for Organizational Excellence from the Australian Leadership Awards in Australia last 2013. She serves in the Diocese of Parañaque and the Our Lady of the Miraculous Medal National Shrine Parish and an active member of the Brotherhood of Christian Businessmen and Professionals.

Key Corporate Officers

Atty. Roberto San Jose (Corporate Secretary)

Atty. San Jose has been the Corporate Secretary of the Company since 1996. He is a member of the Philippine Bar and is a Partner of the Castillo Laman Tan Pantaleon and San Jose Law Offices. He is Chairman and Director of Mabuhay Holdings Corp., and Director and/or Corporate Secretary of CP Group of Companies, CP Equities Corp., Atlas Resources Management Group and MAA Consultants, Inc. He is also currently the Corporate Secretary of Alsons Consolidated Resources, Inc., Solid Group, Inc., Philweb Corporation, FMF Development Corp. and Anglo Philippines Holdings Corp. Atty. San Jose holds a Law Degree from the University of the Philippines.

Atty. Ana Maria Katigbak- Lim (Asst. Corporate Secretary)

Atty. Katigbak assumed the position of Asst. Corporate Secretary since 1997. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines, she is currently a partner at the Castillo Laman Tan Pantaleon San Jose Law Offices. She is also a Director or Officer of publicly-listed companies and registered membership clubs such as: Boulevard Holdings, Inc., Mabuhay Holdings, Inc., Solid Group, Inc., The Metropolitan Club, Inc., AJO.net Holdings, Inc. and PhilWeb Corporation.

Atty. Stephen E. Cascolan (Asst. Corporate Secretary)

Atty. Cascolan assumed the position of asst. Corporate Secretary last 2013. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Arts in Philippine Studies, Major in Journalism and Creative Writing at the University of the Philippines, he is currently a managing partner at the Benipayo and Partners Law Firm.

(2) EXECUTIVE OFFICERS and SIGNIFICANT EMPLOYEES

The officers of the company are as follows:

1. Augusto M. Cosio, Jr.	-	Chairman
2. Augusto Antonio C. Serafica, Jr.	-	President & CEO
3. Raul Ma. F. Anonas	-	Executive Vice President & COO
4. Roberto B. Ortiz	-	Group CFO
5. Manolo B. Tuason	-	Senior Vice President & CFO
6. Brandon Benito P. Leong	-	Treasurer
7. Andres A. Del Rosario	-	Senior Vice President & Asst. Treasurer
8. Stephen E. Cascolan	-	Asst Corporate Secretary/Vice President
	-	& Chief Legal Officer
9. Ana Liza G. Aquino	-	First Vice President & investor Relations
10. Joseph Jeeben R. Segui	-	First Vice President & Corp Fin Head
11. Paolo Antonio A. Martinez	-	Assistant Vice President & Controller

(3) Family Relationship

There is no family relationship up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen to become directors or executive officers of the Company.

(4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Company was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior that time; (2) 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 offenses of any director, person nominated to become a director, executive officer, promoter, or control person; (3) 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 the involvement in any type of business, securities, commodities or banking activities a director, person nominated to become a director, executive officer, promoter or control person of the Company; and (4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Company found by a domestic or foreign court of competent jurisdiction (in civil action), the Philippine Securities and Exchange Commission (SEC) or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

The following table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer ("CEO"), the three (3) most highly compensated executive officers other than the CEO who served as executive officers, and all officers and directors as a Group as of 31 December 2020 (including the preceding two fiscal years, and current fiscal year – estimated only):

Name / Position	Year	Salary, Bonus, and others
Augusto C. Serafica President & CEO	2020 2019 2018	4,810,000 4,810,000 4,810,000
Raul Ma. F Anonas EVP & COO	2020 2019 2018	2,210,000 3,510,000 3,510,000
Manolo B Tuason SVP & CFO	2020 2019 2018	2,600,000 2,600,000 2,470,000
Andres A. Del Rosario SVP & Treasurer	2020 2019 2018	2,600,000 2,600,000 2,470,000

Executive Officers (Aggregate Amount)	2020 2019 2018	5,200,000 3,510,000 3,630,000
Directors	2020 2019 2018	754,240 442,745 526,000

Item 11. Security Ownership of Certain Beneficial Owners and Management

(2) Security Ownership of Management

The following are the security ownership of the directors and executive officers of the Corporation as of 31 December 2020:

Title of Class	Name of Beneficial Owner; Relationship with Issuer	Amount and Nature of Beneficial Ownership (direct & indirect)	Citizenship	No. of shares held	Percentage held
Common	Augusto M. Cosio Jr., *Chairman*	500,000	Filipino	500,000	0.02%
Common	Augusto Antonio C. Serafica, Jr., *President & CEO*	72,500,001 (D) 44,070,000(I)	Filipino	116,570,001	5.17%
Common	George Y. Sycip Director	2,010,000 (D)	American	2,010,000	0.09%
Common	Raul Ma. F. Anonas, *Director*	1(D) 21,250,000(D)	Filipino	21,250,001	0.94%
Common	Victor Y. Lim, Jr. *Director*	83,000 (D)	Filipino	83,000	0.00%
Common	Roberto B. Ortiz *Director*	1,000 (D)	Filipino	1,000	0.00%
Common	Brandon Benito P. Leong *Director*	1,000 (D)	Filipino	1,000	0.00%
Common	Felipe A. Judan *Independent Director*	10,000 (D)	Filipino	10,000	0.00%
Common	Elisa May Arboleda-Cuevas *Independent Director*	870,500 (D)	Filipino	870,500	0.04%

(3) Voting trust Holders of 5% or More

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

(4) Changes in Control

On March 15, 2012, and January 2013, DSI was able to sell 15 million shares to third parties. Gain on said sale of shares was recorded at Php1.2 million in 2012.

Item 12. Certain Relationships and Related Transactions

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

On December 15, 2011, the board of directors approved a resolution allowing three regular directors to subscribe to one hundred seventy five million unissued shares of the Company a subscription price P0.05 above par or at P0.30 per share.

On February 24, 2012, the Board of Directors approved a fund raising program via Convertible Loan amounting to Php 100.0 million at 8% interest with a term of three (3) years. Lender shall have the option to convert at Php 0.36/share with a detachable warrant of one (1) share for every four (4) Converted Share at an exercise price of Php 0.38/share. By end of 2012, total Convertible Loan outstanding amounted to Php 78.0 million. The fund raising program was to support the E-Games expansion among others.

Aside from the foregoing, there had been no material transaction during the past two (2) years involving the Company or any of its subsidiaries in which a director, executive officer or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

PART IV. CORPORATE GOVERNANCE

Item 13 – The Integrated Annual Corporate Governance Report (I-ACGR) was filed on July 30, 2020.

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits: Exhibit A. 2020 Consolidated Audited Financial Statements

(b) Reports on SEC Form 17-C,
The Company filed reports with the following dates under SEC Form 17-C within the calendar year ending December 31, 2020.

March 16, 2020	Compliance to SEC Notice issued to Publicly Listed Companies on 12 March 2020 regarding COVID-19 Pandemic
October 29, 2020	Signing of Memorandum of Agreement with a New Investor Group
November 3, 2020	Additional Information on the MOA entered by PHA with an investor group.
December 17, 2020	Payment of PHP113M Equity Infusion from the New PHA Investor Group
December 17, 2020	Results of Annual or Special Stockholders' Meeting
December 29, 2020	Results of Organizational Meeting of the Board of Directors
January 21, 2021	Premiere Horizon enters the AgriTech Sector
February 10, 2021	Payment of PHP100M Equity Infusion from the New PHA Investor Group

Pursuant to the requirement of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of PASIG CITY on MAY 2 8 2021, 2021.

PREMIERE HORIZON ALLIANCE CORPORATION

Issuer

SIGNATURES

AUGUSTO M. COSIO, JR.	AUGUSTO ANTONIO C. SERAFICA, JR.
Chairman of the Board	**President & CEO**
ROBERTO B. ORTIZ	BRANDON BENITO P. LEONG
Group Chief Financial Officer	**Treasurer**

SUBSCRIBED AND SWORN to before me this MAY 2 8 2021 day of ______2021, affiant(s) exhibiting to me his ______, as follows:

NAME	COMPETENT IDENTIFICATION NO.
AUGUSTO M. COSIO, JR	168-603-906
AUGUSTO ANTONIO C. SERAFICA, JR.	102-097-338
ROBERTO B. ORTIZ	122-071-821
BRANDON BENITO P. LEONG	411-869-368

NOTARY PUBLIC

EDWIN G. ...
NOTARY PUBLIC
PASIG, PATEROS & SAN JUAN
EXTENDED UP TO JUNE 30, 2021
PTR NO. 7127109/1-2-21
IBP NO. 0560331/APP. NO. 54 2019-2020
ROLL NO. 26683
MCLE V-0004493
2ND FLOOR, ARMAL BLDG., URBANO VELASCO AVE., MALINAO, PASIG CITY

Doc No. 241
Page No. 50
Book No. CCCLIII
Series of 2021

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	4	7	5	8	4					

COMPANY NAME

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

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

Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.premierehorizonalliance.com	(02) 8632-7714	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
121	May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Manolo B. Tuason	N/A	8706-2882	N/A

CONTACT PERSON's ADDRESS

Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

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

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

Premiere Horizon
Invigorating the Countryside

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Premiere Horizon Alliance Corporation (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, 2020 and 2019 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 to cease operations, or has no realistic alternative to do so.

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

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

SyCipGorresVelayo& Co. (SGV), the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AUGUSTO M. COSIO JR.
Chairman of the Board

AUGUSTO ANTONIO C. SERAFICA JR.
President & CEO

ROBERTO B. ORTIZ
Group Chief Financial Officer

SUBSCRIBED AND SWORN MAY 2 8 2021 BY THE AT PASIG CITY AFFIANT

Signed this 27th day of May 2021

DOC. NO. 252
PAGE NO. 52
BOOK NO. CCLIV
SERIES OF 21

EDWIN G. CONDAYA
NOTARY PUBLIC
PASIG, PATEROS & SAN JUAN
EXTENDED UP TO JUNE 30, 2021
PTR NO. 7127100/1-2-21
IBP NO. 0560331/APP. NO. 54 2019-2020
ROLL NO. 20663
MCLE V-0004403
2ND FLOOR, ARMAL BLDG., URBANO VELASCO AVE., MALINAO, PASIG CITY

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Premiere Horizon Alliance Corporation
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of Premiere Horizon Alliance Corporation and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicate that as of December 31, 2020 and 2019, the Group had a liquidity gap on currently maturing liabilities amounting to ₱1.23 billion and ₱1.65 billion, respectively. In addition, the Group's current liabilities exceeded its current assets by ₱465.54 million as of December 31, 2020. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matters is provided in that context.

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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of transaction price; (3) application of the input method as the measure of progress in determining real estate revenue; (4) determination of the actual costs incurred as cost of sales; (5) assessment on the transfer of control to the buyer; and (6) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as previous experience with the buyer, and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses the input method. Under this method, progress is measured based on actual costs incurred on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the costs accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

In assessing the transfer of control to the buyer, the Group considers the transfer of the legal title of the property through the conveyance of real estate properties to the buyers. The Group initiates the execution of a contract in public instrument that constitutes constructive delivery of the property where ownership was already considered transferred.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain the contract and recognizes the related commission payable. The Group uses the percentage of completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

The disclosures related to the real estate revenue are included in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the five percent (5%) collection threshold. We also considered the impact of the COVID-19 pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as official receipts, deposit slips, and bank statements.

For the application of the input method, in determining real estate revenue and determining cost of sales, we obtained an understanding of the Group's processes for determining the POC, including the cost accumulation process, and for determining and updating of total estimated costs. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents such as invoices, and project engineer's certification. We visited selected project sites and made relevant inquiries, including inquiries on how the COVID-19 pandemic affected the POC during the period, with project engineers. We performed test computation of the POC calculation of management. For selected projects, we obtained the supporting details of POC reports showing the completion of the major activities of the project construction. We likewise performed inquiries with the project engineers for the revisions.

For the assessment of transfer on control to the buyer on *dacion en pago* transactions, we reviewed relevant agreements such as the contracts to sell, deeds of absolute sale and memoranda of agreement on *dacion en pago*. We obtained management's assessment, and a legal opinion from the Group's internal legal counsel supporting the assessment that the control on the real estate inventories were transferred to the buyer/creditor as of December 31, 2020. We involved our internal specialist in evaluating the legal basis supporting management's assessment and the legal position.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and the portion recognized in profit or loss, particularly (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (i.e., total contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Adequacy of Allowance for Expected Credit Losses on Contract Receivables and Contract Assets from Real Estate Sales

The Group applies the simplified approach in calculating expected credit loss (ECL). The allowance for ECL as of and for the year ended December 31, 2020 amounted to ₱23.68 million. No additional provision for ECL was recognized in 2020. The use of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate lifetime ECL; defining default; determining assumptions to be used in the ECL model such as timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays), including the impact of the COVID-19 pandemic, in calculating ECL.

The disclosures in relation to allowance for ECL are included in Notes 3 and 5 to the consolidated financial statements.

Audit Response

We obtained an understanding of the approved methodologies and models used for the Group's credit exposure and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money and, the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used; (c) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place and management's assessment of the impact of the COVID-19 pandemic on the counterparties, (d) tested loss given default by inspecting historical recoveries including the timing, related direct costs, and write-offs; (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's lending portfolios and broader industry knowledge, including the impact of COVID-19 pandemic; and (f) tested the effective interest rate, or an approximation thereof, used in discounting the expected loss.

Further, we checked the data used in the ECL model, such as the historical analysis of defaults and recovery data, by tracing these to the real estate sales worksheets and supporting documents such as demand letters, official receipts, and deeds of assignment if resold. We also recalculated the impairment provisions on a sample basis.

Recoverability of Deferred Exploration Costs

As at December 31, 2020, the carrying value of the Group's deferred exploration costs amounted to ₱403.75 million. Under PFRS 6, *Exploration of Mineral Resources,* these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amount exceed the recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether there is any indication of impairment.

The Group's disclosures about deferred exploration costs are included in Notes 3 and 8 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that deferred exploration costs may be impaired. We reviewed the status of each exploration project as of December 31, 2020, as certified by the Group's technical group head and compared it with the disclosures submitted to regulatory agencies. We reviewed the contracts and agreements, and budget for exploration and development costs, including the processing of licenses and permits. We inspected the licenses and permits of each exploration project to determine that the period for which the Group has the right to explore in the specific area has not expired. We obtained the status of the application of the renewal of licenses and permits of each exploration project. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Valuation of Investment Properties at Fair Value

The Group accounts for its investment properties using the fair value model. Investment properties consist of parcels of land in Puerto Princesa, Palawan amounting to ₱1,666.39 million and represent 43% of the total consolidated assets as at December 31, 2020. Unrealized gain on fair valuation of investment properties amounted to ₱367.92 million for the year ended December 31, 2020. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors, including any impact associated with COVID-19 pandemic. Thus, we considered the valuation of investment properties as a key audit matter.

The disclosures relating to investment properties are included in Notes 3 and 9 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We reviewed the methodology and assumptions used in the valuation of the investment properties. We assessed the methodology adopted by referencing common valuation models and reviewed the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price, including the impact of the COVID-19 pandemic.

Other Information

Management is responsible for other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

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

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

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 PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
Tax Identification No. 245-571-753
BIR Accreditation No. 08-001998-110-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534373, January 4, 2021, Makati City

May 27, 2021

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Note 4)	**₱124,523,167**	₱81,562,429
Receivables (Note 5)	**66,624,113**	84,573,000
Contract assets (Note 5)	**250,548,433**	618,362,122
Real estate held for sale (Note 6)	**831,734,159**	1,025,557,459
Other current assets (Note 7)	**186,582,888**	134,303,851
	1,460,012,760	1,944,358,861
Noncurrent Assets		
Noncurrent portion of contract assets (Note 5)	**65,945,420**	55,066,445
Deferred exploration costs (Note 8)	**403,751,500**	390,197,300
Investment properties (Note 9)	**1,666,388,000**	1,298,468,000
Property and equipment (Note 10)	**231,177,984**	310,711,952
Goodwill and intangible assets (Note 12)	**19,351,317**	19,756,818
Right-of-use asset (Note 31)	**680,526**	1,350,406
Deferred tax assets (Note 27)	**35,678,603**	31,596,495
Other noncurrent assets (Note 13)	**13,809,782**	17,751,218
	2,436,783,132	2,124,898,634
	₱3,896,795,892	₱4,069,257,495
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 14)	**₱225,962,500**	₱233,025,000
Current portion of:		
Loans payable (Note 15)	**311,366,820**	748,297,774
Purchased land payable (Note 16)	**18,102,930**	49,360,073
Installment payable (Note 17)	**17,055,586**	58,401,035
Obligations under finance lease (Note 17)	**528,206**	2,360,827
Convertible loans (Note 18)	**400,370,775**	131,319,780
Lease liability (Note 31)	**679,649**	861,694
Callable loans (Note 19)	**15,000,000**	–
Trade and other payables (Note 20)	**748,927,393**	582,657,251
Contract liabilities (Note 32)	**7,819,623**	11,910,437
Dividend payable (Note 23)	**39,800,000**	39,800,000
Capital gains tax payable - current (Note 27)	**26,940,000**	26,940,000
Deposit for future stock subscription (Note 23)	**113,000,000**	–
	1,925,553,482	1,884,933,871
Noncurrent Liabilities		
Noncurrent portion of:		
Loans payable (Note 15)	**39,998,273**	243,805,869
Loans from third parties (Note 14)	**8,000,000**	8,000,000
Loans from officers and shareholders (Notes 14 and 21)	**64,500,000**	78,300,000
Lease liability (Note 31)	**185,488**	582,729
Installment payable (Note 17)	–	17,055,586
Convertible loans (Note 18)	**94,635,393**	363,213,835
Pension liabilities (Note 22)	**34,022,105**	25,996,477
Callable loans (Note 19)	**7,000,000**	22,000,000
Deferred tax liabilities (Note 27)	**509,347,791**	405,884,351
	757,689,050	1,164,838,847
	2,683,242,532	3,049,772,718

(Forward)

	December 31	
	2020	2019
Equity (Note 23)		
Equity attributable to equity holders of the parent:		
Capital stock	**₱563,529,313**	₱497,620,222
Additional paid-in capital	**117,452,141**	97,020,326
Retained earnings	**186,924,161**	91,376,644
	867,905,615	686,017,192
Equity attributable to non-controlling interests	**345,647,745**	333,467,585
	1,213,553,360	1,019,484,777
	₱3,896,795,892	₱4,069,257,495

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUES (Notes 32 and 35)			
Real estate sales (Notes 15 and 16)	**₱479,301,585**	₱79,101,295	₱182,711,039
Mining-related services	**241,736,071**	340,166,458	294,933,829
Service income	**1,499,950**	4,388,324	2,513,813
Others	**–**	–	45,000
	722,537,606	423,656,077	480,203,681
COSTS OF SALES AND SERVICES			
Cost of real estate sales (Note 6 and 32)	**301,263,375**	99,493,674	172,514,017
Cost of services (Note 24 and 32)	**210,593,090**	252,105,301	203,297,864
	511,856,465	351,598,975	375,811,881
GROSS PROFIT	**210,681,141**	72,057,102	104,391,800
GENERAL AND ADMINISTRATIVE EXPENSES (Note 25)	**178,764,420**	208,891,623	211,858,036
OTHER INCOME (CHARGES)			
Unrealized gain on fair valuation of investment properties (Note 9)	**367,920,000**	816,485,000	–
Interest income (Notes 4 and 5)	**3,332,103**	6,289,729	4,672,603
Impairment losses (Note 26)	**(11,666,216)**	(58,528,808)	(158,405,673)
Interest expense (Note 28)	**(172,464,352)**	(317,964,891)	(187,833,026)
Other income (charges) - net	**(4,506,912)**	(13,761,610)	19,870,590
	182,614,623	432,513,420	(321,695,506)
INCOME (LOSS) BEFORE INCOME TAX	**214,531,344**	295,678,899	(429,161,742)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)	**104,490,597**	224,482,061	(54,694,866)
NET INCOME (LOSS)	**110,040,747**	71,196,838	(374,466,876)
OTHER COMPREHENSIVE INCOME (LOSS)			
Item not to be reclassified subsequently to profit or loss:			
Remeasurement gain (loss) on defined benefit obligation (Note 22)	**(2,313,070)**	(8,437,064)	2,363,466
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱107,727,677**	₱62,759,774	(₱372,103,410)

(Forward)

	Years Ended December 31		
	2020	2019	2018
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent	**₱97,338,426**	₱238,120,942	(₱293,608,419)
Non-controlling interests (Note 23)	**12,702,321**	(166,924,104)	(80,858,457)
	₱110,040,747	₱71,196,838	(₱374,466,876)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent	**₱95,547,517**	₱232,066,432	(₱292,093,770)
Non-controlling interests (Notes 22 and 23)	**12,180,160**	(169,306,658)	(80,009,640)
	₱107,727,677	₱62,759,774	(₱372,103,410)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Note 30)			
Basic earnings (loss) per share	**₱0.0484**	₱0.1266	(₱0.1692)
Diluted earnings (loss) per share	**₱0.0484**	₱0.1141	(₱0.1692)

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent (Note 23)								
	Capital Stock	Additional Paid-in Capital	Additional Paid-in Capital on Convertible Loans	Total Additional Paid-in Capital	Retained Earnings (Deficit)	Parent Company Shares held by a Subsidiary	Total	Attributable to Non-controlling Interests (Note 23)	Total Equity
Balances at January 1, 2020	**₱497,620,222**	**₱78,330,232**	**₱18,690,094**	**₱97,020,326**	**₱91,376,644**	**₱–**	**₱686,017,192**	**₱333,467,585**	**₱1,019,484,777**
Additional subscription to outstanding common shares (Notes 23 and 35)	**65,909,091**	**21,090,909**	–	**21,090,909**	–	–	**87,000,000**	–	**87,000,000**
Stock issuance cost	–	**(659,094)**	–	**(659,094)**	–	–	**(659,094)**	–	**(659,094)**
	65,909,091	**20,431,815**	–	**20,431,815**	–	–	**86,340,906**	–	**86,340,906**
Net income for the year	–	–	–	–	**97,338,426**	–	**97,338,426**	**12,702,321**	**110,040,747**
Remeasurement loss on defined benefit obligation	–	–	–	–	**(1,790,909)**	–	**(1,790,909)**	**(522,161)**	**(2,313,070)**
Total comprehensive income	–	–	–	–	**95,547,517**	–	**95,547,517**	**12,180,160**	**107,727,677**
Balances as at December 31, 2020	**₱563,529,313**	**₱98,762,047**	**₱18,690,094**	**₱117,452,141**	**₱186,924,161**	**₱–**	**₱867,905,615**	**₱345,647,745**	**₱1,213,553,360**
Balances at January 1, 2019	₱472,715,222	₱47,383,824	₱18,690,094	₱66,073,918	(₱140,689,788)	(₱120,226,315)	₱277,873,037	₱502,774,243	₱780,647,280
Collection of subscription	24,905,000	–	–	–	–	–	24,905,000	–	24,905,000
Disposal of parent company shares held by a subsidiary	–	30,946,408	–	30,946,408	–	120,226,315	151,172,723	–	151,172,723
Net income (loss) for the year	–	–	–	–	238,120,942	–	238,120,942	(166,924,104)	71,196,838
Remeasurement loss on defined benefit obligation	–	–	–	–	(6,054,510)	–	(6,054,510)	(2,382,554)	(8,437,064)
Total comprehensive income (loss)	–	–	–	–	232,066,432	–	232,066,432	(169,306,658)	62,759,774
Balances as at December 31, 2019	₱497,620,222	₱78,330,232	₱18,690,094	₱97,020,326	₱91,376,644	₱–	₱686,017,192	₱333,467,585	₱1,019,484,777
Balances at January 1, 2018	₱472,715,222	₱47,383,824	₱18,690,094	₱66,073,918	₱179,606,599	(₱133,663,988)	₱584,731,751	₱404,511,266	₱989,243,017
Declaration of dividends	–	–	–	–	(42,200,000)	–	(42,200,000)	–	(42,200,000)
Disposal of Parent Company shares held by a subsidiary	–	–	–	–	–	13,437,673	13,437,673	–	13,437,673
Net loss for the year	–	–	–	–	(293,608,419)	–	(293,608,419)	(80,858,457)	(374,466,876)
Remeasurement gain on defined benefit obligation	–	–	–	–	1,514,649	–	1,514,649	848,817	2,363,466
Total comprehensive loss	–	–	–	–	(292,093,770)	–	(292,093,770)	(80,009,640)	(372,103,410)
Additional investment from non-controlling interest and dilution gain	–	–	–	–	13,997,383	–	13,997,383	178,272,617	192,270,000
Balances as at December 31, 2018	₱472,715,222	₱47,383,824	₱18,690,094	₱66,073,918	(₱140,689,788)	(₱120,226,315)	₱277,873,037	₱502,774,243	₱780,647,280

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱214,531,344**	₱295,678,899	(₱429,161,742)
Adjustments for:			
Interest expense (Note 28)	**172,464,352**	317,964,891	187,833,026
Depreciation and amortization (Notes 10, 12 and 31)	**92,714,858**	115,084,790	89,689,006
Impairment losses (Note 26)	**11,666,216**	58,528,808	158,405,673
Pension costs (Note 22)	**5,982,458**	3,169,793	3,041,511
Gross profit from sale in exchange for extinguishment of loans (Notes 15 and 16)	**(166,622,424)**	–	–
Unrealized gain on fair valuation of investment properties (Note 9)	**(367,920,000)**	(816,485,000)	–
Interest income (Notes 4 and 5)	**(3,332,103)**	(6,289,729)	(4,672,603)
Loss (gain) on disposal of property and equipment	**(3,061,431)**	(329,896)	36,381
Unrealized foreign exchange gain	–	–	(13,553)
Operating income (loss) before working capital changes	**(43,576,730)**	(32,677,444)	5,157,699
Decrease (increase) in:			
Receivables and contract assets (Note 5)	**369,770,171**	468,225,125	389,925,106
Real estate held for sale (Note 6)	**(41,893,908)**	98,903,683	(202,670,164)
Other current assets (Note 7)	**(58,831,823)**	(42,010,058)	203,073,953
Increase (decrease) in:			
Trade and other payables (Note 20)	**152,470,142**	(112,719,986)	(30,208,990)
Purchased land payable (Note 16)	**(26,400,000)**	(51,503,031)	(68,408,332)
Contract liabilities	**(4,090,814)**	(17,782,437)	–
Cash flows generated from operations	**347,447,038**	310,435,852	296,869,272
Interest received	**3,332,103**	6,289,729	4,672,603
Income tax paid	**(5,379,165)**	(10,556,972)	(8,686,067)
Interest paid	**(167,386,086)**	(324,728,473)	(183,828,296)
Net cash flows provided by (used in) operating activities	**178,013,890**	(18,559,864)	109,027,512
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment	**3,595,136**	329,896	46,529
Acquisitions of property and equipment (Note 10)	**(71,040,249)**	(90,505,752)	(23,149,996)
Additions to deferred exploration costs (Note 8)	**(13,554,200)**	–	(127,802,761)
Decrease (increase) in other noncurrent assets	**3,941,436**	(7,791,200)	–
Net cash flows used in investing activities	**(77,057,877)**	(97,967,056)	(150,906,228)

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Deposit for future stock subscription (Notes 23 and 34)	**₱113,000,000**	₱–	₱–
Issuance of capital stock (Note 23)	**86,340,906**	–	–
Availment of:			
Loans payable (Note 34)	–	–	356,423,676
Short-term loans (Notes 14 and 34)	–	31,500,000	92,320,000
Callable loans (Notes 19 and 34)	–	7,000,000	15,000,000
Sale of Parent Company shares held by a subsidiary	–	151,172,723	13,437,673
Collection of subscription receivables (Note 23)	–	24,905,000	–
Payments of:			
Obligation under finance lease (Note 34)	**(1,832,621)**	(5,461,577)	(27,854,249)
Convertible loans (Notes 18 and 34)	**(4,500,000)**	(14,000,000)	(61,500,000)
Short-term loans (Note 34)	**(7,062,500)**	(16,195,000)	(57,525,000)
Loans payable (Note 34)	**(243,256,061)**	(49,159,674)	(289,617,150)
Principal portion of lease liability (Notes 31 and 34)	**(684,999)**	(652,379)	–
Net cash flows provided by (used in) financing activities	**(57,995,275)**	129,109,093	40,684,950
NET INCREASE (DECREASE) IN CASH	**42,960,738**	12,582,173	(1,193,766)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	–	–	13,553
CASH AT BEGINNING OF YEAR	**81,562,429**	68,980,256	70,160,469
CASH AT END OF YEAR (Note 4)	**₱124,523,167**	₱81,562,429	₱68,980,256

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information and Authorization for the Issuance of the Financial Statements

Premiere Horizon Alliance Corporation (PHA or the Parent Company), was registered in the Philippine Securities and Exchange Commission (SEC) on January 13, 1988 and listed in the Philippine Stock Exchange (PSE) on May 5, 1997. The Parent Company's primary purpose is to engage in business activities relating to entertainment, gaming, hotel and leisure. In 2011, the SEC approved the change in the Parent Company's secondary purpose and authorized the Parent Company to expand to mining and real estate industries.

On April 7, 2016 and May 26, 2016, the Board of Directors (BOD) and Stockholders, respectively, approved the amendments to the Articles of Incorporation of the Parent Company to change its primary purpose to that of an investment holding company, and to relegate the primary purpose to the secondary purposes and the renumbering thereof. The amendments to the Articles of Incorporation were approved by the SEC on August 10, 2016.

The Parent Company and its subsidiaries (hereinafter referred to as "the Group") is currently involved in mining and real estate activities.

The Parent Company's registered address and principal place of business is at Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

Status of Operations and Management Plans
The financial position and financial performance of the Group are impacted by the effect of the COVID-19 pandemic. The Group reported liquidity gap on currently maturing liabilities amounting to ₱1.23 billion and ₱1.65 billion as of December 31, 2020 and 2019, respectively. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. In addition, the Group's current liabilities exceeded its current assets by ₱465.54 million as of December 31, 2020. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

Management is currently undertaking a combination of initiatives to address the abovementioned going concern issue to wit:

a. Actively seek out partnerships and new investors as a way of generating funds;
b. Negotiate principal payment extensions and deferrals with creditors;
c. Secure all loans with the assets of the Group;
d. Reduction and efficient management of operating expenses; and
e. Obtain financial support from shareholders and/or officers for gap funding of operations.

Authorization for the Issuance of the Financial Statements
The consolidated financial statements of the Group as of December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020 were approved and authorized for issuance by the BOD on May 27, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for investment properties that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional and presentation currency. All amounts are rounded off to the nearest peso unit unless otherwise indicated. Certain accounts have been reclassified to conform with current year presentation.

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry:

Deferral of the following provisions of the Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

a. Assessing if the transaction price includes significant financing component (as amended by PIC Q&A No. 2020-04)
b. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and

Deferral of the adoption of PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

Deferral of the Implementation of IFRS Interpretations Committee ("IFRIC") Agenda Decision on Over Time Transfer of Constructed Goods [Philippine Accounting Standards (PAS) 23-Borrowing Cost] For Real Estate Industry

In December 2020, the SEC issued Memorandum Circular No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of PIC Q&A 2018-12 and the IFRIC Agenda Discussion on Borrowing Cost, for another 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 2.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until the date that such control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

When the Parent Company has less than a majority of the voting rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

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

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018. The subsidiaries are all incorporated in the Philippines.

Below are the Parent Company's subsidiaries with its respective percentage ownership in 2020 and 2019:

	Effective Percentage of Ownership	
	Direct	**Indirect**
West Palawan Premiere Development Corp. (WPP)	**100**	–
Treasure Cove at Nagtabon Beach, Inc. (TCNBI)	–	**100**
Premiere Georesources and Development Inc. (PGDI)	**69**	–
Pyramid Hill Mining & Industrial Corp. (PHMIC)	–	**68**
Palawan Star Mining Ventures, Inc. (PSMVI)	–	**68**
Goshen Land Capital, Inc. (GLCI)	**55**	–
Concepts Unplugged: Business Environment Solutions (CUBES), Inc.*	**51**	–
Premiere Horizon Business Services, Inc. (PHBSI)*	**100**	–
PH Mining and Development Corporation (PHMDC)*	**100**	–
PH Agriforest Corporation (PHAC)*	**100**	–
PH Big Bounty Entertainment, Inc. (PBBEI)*	**100**	–
Digiwave Solutions Incorporated (DSI)*	**100**	–

**Non-operating subsidiaries*

WPP and TCNBI
WPP is incorporated for the purpose of acquiring by purchase, lease, donation, or otherwise and own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise real estate of all kinds. TCNBI is engaged in the business of owning and operating hotels and other resort developments.

PGDI
PGDI is primarily engaged into mining related services, e.g. hauling and excavation for mining companies.

PHMIC and PSMVI
In 2018, PGDI subscribed to 98.88% of PHMIC and 98.55% of PSMVI. The transaction is accounted for as an asset acquisition. PHMIC and PSMVI are holders of Mineral Production Sharing Agreements (MPSAs) covering approximately 10,384 hectares, containing probable commercial quality limestone deposits located in the mineralized area of Southern Palawan. As at December 31, 2020, PHMIC and PSMVI are under exploration stage and in the process of renewing their exploration period subject to evaluation and approval of the Mines and Geosciences Bureau (MGB) upon submission of requirements.

GLCI
GLCI is a real estate developer based in Baguio City and develops innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories (see Note 11).

CUBES
CUBES is primarily engaged in providing management, investment, and/or technical solutions to commercial, industrial, and other types of enterprises. In May 2017, due to operational issues, CUBES' operation was discontinued and put on hold. As of December 31, 2020, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

DSI
DSI previously operated e-Games stations with its primary purpose to carry out information technology and other related businesses.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Parent Company gains control or until the date when the Parent Company ceases to control the subsidiary.

All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any NCI
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Recognizes the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company has directly disposed of the related assets or liabilities.

Non-Controlling Interests
NCI represent the portion of income and expense and net assets in subsidiaries that are not held by the Parent Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separate from the equity attributable to the equity holders of the Parent Company.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

  These amendments will apply on future business combinations of the Group.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  These amendments had no significant impact to the Group's consolidated financial statements.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- *Conceptual Framework for Financial Reporting issued on March 29, 2018*

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments to PFRS 16 provide practical relief to the lessees in accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession is a lease modification if all of the following conditions are met:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  The amendments did not have a significant impact to the Group as there are no rent concessions granted to the Group as a lessee.

- Adoption of *PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3 - On the Accounting of the Difference When the Percentage of Completion is Ahead of the Buyer's Payment.*

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020 aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

Standards and Interpretation Issued but Not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment 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.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments 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.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have impact on the Group as it is not involved in transactions accounted for under PAS 41.

Effective beginning on or after January 1, 2023

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the reporting period;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The standard will affect the future classification of liabilities as current or noncurrent when there is future deferral of settlement of the Group's financial liabilities.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach); and
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

  A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

a. The accounting policies applied.
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued PIC Q&As 2020-04 which provides additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted to restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contracts receivable and contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

- The exclusion of uninstalled materials in the determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and contracts receivable and contract assets; increased real estate held for sale and would have impacted deferred tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

a. The financial statements are not considered to be in accordance with PFRSs and should specify in the "Basis of Preparation of the Financial Statements" section of the financial statements that the accounting framework is:

   PFRSs, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic:

   1. Treatment of land in the determination of the percentage-of-completion; and
   2. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)

b. The Auditor's report will:

   i. reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
   ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

- *Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Group availed of the SEC relief to defer the adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group is still evaluating the approach to be availed among the existing options. Had the relief not been adopted and the current practice would be different from the approach to be implemented, this could have impacted the recording of revenue, cost of sales, valuation of repossessed inventory and gain or loss from repossession in 2020.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs,* considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC Agenda Decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

  The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate held for sale related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of the IFRIC agenda decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate held for sale, deferred tax liability and the opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

Summary of Significant Accounting Policies
The following accounting policies were applied in the preparation of the Group's consolidated financial statements:

Current and Noncurrent Classification
The Group presents assets and liabilities in its consolidated statements of financial position based on a current and noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months from the reporting date; or,
- cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least within 12 months from the reporting date.

A liability is current when:

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

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash
Cash include cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates.

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

a. Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial asset at amortized cost, fair value through OCI and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables, except for installment contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its 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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value ('Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset and liability. In cases where inputs to the valuation technique are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL.

The Group's financial assets as of December 31, 2020 and 2019 are categorized under financial assets at amortized cost (debt instruments).

Financial Assets at Amortized Cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

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

The Group's financial assets at amortized cost include cash in banks, contracts receivables, trade receivables, security deposits and receivable from PAGCOR under 'other noncurrent assets'.

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

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

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

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

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

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

For contract receivables (including contract assets), the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For cash in banks, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the latest available financial statements of the banks to assess whether the financial instrument has significantly increased in credit risk and to estimate ECLs.

The key inputs in the model include the Group's definition of default and historical data of five years for the origination, maturity date and default date. The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

b. Financial liabilities

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

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

This category includes the Group's trade and other payables, short-term loans, purchased land payable, loans payable, obligations under finance lease, installment payable, callable loans, convertible loans, lease liability and dividends payable.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at FVTPL
Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Group has not designated any financial liability as at FVTPL.

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

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

This category generally applies to short-term loans, loans payable, purchased land payable, instalment payable, obligations under finance lease, convertible loans, lease liability, callable loans, trade and other payables, cash dividends payable, loans from officers and shareholders, loans from third parties.

Derecognition
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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

c. Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement 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.

Real Estate Held for Sale
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate held for sale and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition cost and expenses directly related to acquisition
- Amounts paid to contractors for the development and construction
- Borrowing costs, planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction overhead and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less estimated costs of completion and the estimated costs of sale.

Land and land development, presented as part of 'Real estate held for sale' in the consolidated statement of financial position, consists of properties for the future development that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition cost, (b) costs incurred relative to the acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees, (c) costs incurred on initial development of raw land in preparation of future projects, and (d) borrowing costs. They are transferred to 'Real estate under development' account when the project plans, development and construction estimates are completed, and the necessary permits are secured.

Other Current Assets
Other current assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other assets include inventories consisting of spare parts and supplies used for the day to day repairs and maintenance of the Group's property and equipment. These are valued at the lower of cost or NRV.

Other assets that are expected to be realized for no more than twelve (12) months after the end of reporting period are classified as current assets; otherwise, these are noncurrent assets.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use including capitalized borrowing costs incurred during the construction period.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization commences once the property and equipment are available for use and are computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office space building and office space improvements	5-10
Heavy equipment	5-8
Furniture and fixtures	2-5
Transportation equipment	5
Office and other equipment	3-5

Leasehold improvements are amortized on a straight-line basis over the term of the lease or the EUL of the asset of five (5) years, whichever is shorter.

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

Fully depreciated property and equipment are retained in the accounts until these are no longer in use. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Deferred Exploration Costs
Expenditures for exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource) are deferred as incurred and included under "Deferred exploration costs" account in the consolidated statements of financial position. If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures, and subsequent mine development costs are capitalized as part of the mine and mining properties account classified under property, plant and equipment.

A valuation allowance is provided for unrecoverable deferred exploration costs based on the Group's assessment of the future prospects of the exploration project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred exploration costs associated with the project and the related impairment provisions are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Investment Properties
Foreclosed properties of land or building and purchased land are classified under investment properties from foreclosure date and acquisition date, respectively.

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are recorded as 'Investment properties' upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dation in payment (*dacion en pago*).

Subsequent to initial recognition, investment properties are stated at fair values, which are determined annually based on the latest appraisal performed by an independent firm or appraiser, an industry specialist in valuing these types of properties. Gain or loss arising from changes in the fair value of investment property is recognized in the consolidated statements of comprehensive income in the period in which they arise, including the corresponding tax effect. Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of comprehensive income under 'Gain on sale of assets' in the year of retirement or disposal.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the income or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are tested as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually of at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income.

Film rights
Film rights include the unamortized cost of completed theatrical films and television projects and film rights acquired. Film rights principally consist of direct production costs, production overhead, development and pre-production costs and are stated at cost less accumulated amortization and any impairment in value. Amortization of film and television production costs starts when a film is released and revenues on that film are recognized. Amortization is made in proportion to the actual income earned during the year as against total estimated income. The total estimated income is subject to periodic evaluation by management based on actual income generated from those films.

Exclusive distribution right
Exclusive distribution right pertains to the exclusive right to distribute the Thermo Chiller system which was acquired as a result of business combination. Exclusive distribution right is amortized on a straight-line basis over its EUL of ten (10) years.

Fair Value Measurements
The Group measures financial instruments and non-financial assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

Acquisition-related costs incurred are expensed and included in general and administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of comprehensive income. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9/PAS 39 either in the consolidated statement of comprehensive income, or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Asset Acquisition

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Borrowing Costs

Interest and other related financing charges on borrowed funds used to finance the construction of a qualifying asset (included under real estate held for sale), are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress. It is suspended during extended periods in which active development is interrupted and ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. The capitalization is based on the weighted average borrowing cost.

The borrowing costs capitalized as part of real estate held for sale are expensed when the related assets are sold.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that its nonfinancial assets (e.g., deferred exploration costs, property and equipment, goodwill and intangible assets, and right-of-use asset) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impairment of goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized in the consolidated statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its impairment test of goodwill annually every December 31.

Convertible Loans Payable
Convertible loans payable is separated into liability and equity components based on the terms of the contract.

On issuance of the convertible loans payable, the fair value of the liability component is determined using the market rate for an equivalent non-convertible loan. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity as part of additional paid-in capital. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible loan payable based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

When the convertible loans payable is extinguished before maturity, through an early redemptions or repurchase in which the original conversion privileges are unchanged an allocation is made for the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of transaction. The method of allocating the consideration paid and the transaction costs to the separate component is consistent with that used in the original allocation to the separate components or the proceeds received by the entity when the convertible loan payables were issued.

Equity

The Group considers the underlying substance and economic reality of its own equity instruments and not merely its legal form in determining its proper classification.

Capital stock

Ordinary or common shares are classified as equity. The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value of issued shares.

Subscriptions receivable

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Additional paid-in capital

When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to 'Additional paid-in capital' account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. Equity component of convertible instruments are also included in "APIC" account.

Dividends on common shares

Cash dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Parent Company.

Property dividends are recognized as a liability when the dividend is appropriately authorized and is no longer at the discretion of the Parent Company, which is the date:

- when declaration of the dividend, e.g., by management or the board of directors, is approved by the relevant authority, e.g., the shareholders, if the jurisdiction requires such approval; or
- when the dividend is declared, e.g., by management or the board of directors, if the jurisdiction does not require further approval.

Retained earnings (Deficit)

Retained earnings (deficit) represent the cumulative balance of periodic net income/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy, equity reserves, and capital adjustment. Equity reserve transactions are recognized directly into equity as part of retained earnings or deficit. Equity reserves include the difference between the consideration paid and the carrying value of the non-controlling interest acquired or the difference between the consideration paid and the carrying value of non-controlling interest sold that do not result in loss of control.

Parent Company shares held by a subsidiary

If an entity reacquires its own equity instruments, those "treasury shares" shall be deducted from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Any difference between the carrying amount and the consideration, if reissued, is recognized in 'Additional paid-in capital'.

Revenue from Contracts with Customers
The Group primarily derives its real estate revenue from the sale of lots and condominium units. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its retail spaces, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

The Group derives its real estate revenue from real estate development and subdivided lots. Revenue from sales of substantially completed real estate projects where collectability of sales price is reasonably assured is accounted for using the full accrual method. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of construction cost, construction management cost, land development, planning cost, permits, borrowing cost and land cost. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as contract receivables, under receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Mining related services
Revenue from mining related services represents earnings from the operation of the Group's hauling services and equipment rental. The Group recognizes revenue from mining related services over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs and it has an enforceable right to payment for performance completed to date.

As a practical expedient allowed under PFRS 15, the Group recognizes revenue in the amount for which it has the right to invoice since the Group bills a fixed amount for every output delivered.

Service income
Revenue from service income is recognized over time as the services are rendered.

Other Income Recognition
Income from forfeited deposits
Deposits for reservation fee are generally non-refundable and forfeited upon cancellation of sale of condominium units or those under reservation. The amount of deposits is recognized as income when the contracts to sell (CTS) or reservation agreement between the buyer and the Group are terminated. This is recognized by the Group as part of "Other income" account in the consolidated statement of comprehensive income.

Penalty
Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when buyers have defaulted in paying their dues and the collectability is reasonably assessed. This is recognized by the Group as part of "Other income" account in the consolidated statement of comprehensive income.

Interest income
Interest is recognized as interest accrues using the EIR method.

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

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

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

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "General and administrative expense" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, derecognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract over the expected construction period using the percentage of completion following the pattern of real estate revenue recognition. The amortization of cost to obtain a contract is included within "General and administrative expense". A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Cost of Real Estate Sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land. These include construction cost, construction management cost, land development, planning cost, permits, borrowing cost and land cost. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as cost of real estate sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Costs of Services and Expenses
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or occurrences of liabilities that result decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when good or services are used or the expense arises while interest expenses are accrued in the appropriate financial reporting period.

Costs of services
Costs of services are incurred in the normal course of business and are recognized when services are delivered.

General and administrative
General and administrative expenses are expenses that are incurred in the course of the ordinary operations of the Group. General and administrative expenses are recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Other income (charges)
Other income (charges) includes interest income on contract receivables, other income and expenses which are incidental to the Group's business operations and are recognized in the consolidated statement of comprehensive income.

Pension Liability
Defined benefit obligation
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Taxes</u>
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of MCIT and unexpired NOLCO can be utilized.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in jointly controlled entities. With respect to investments in foreign subsidiaries, associates and interests in jointly controlled entities, deferred tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered. The Group does not recognize deferred tax assets and deferred tax liabilities that will reverse during the income tax holiday (ITH).

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

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

Value-added tax (VAT)
Revenues, expenses and assets are recognized, net of the amount of VAT except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

Output VAT is presented net of input VAT and the resulting payable is included as part of "Trade and other payables" accounts to be remitted to applicable taxation authorities. When the resulting outcome is net input VAT, it is included as part of "Other current assets" account, which can be recovered as tax credit against future tax liability of the Group.

Deferred input VAT represents input VAT on purchase of capital goods exceeding one (1) million pesos. The related input VAT is recognized over five (5) years or the useful life of the capital goods whichever is shorter. Input VAT is stated at its estimated realizable value.

Leases effective January 1, 2019
The Group determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
Except for short-term leases and leases of low value assets, the Group applies as single recognition and measurement approach of all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the EUL of the assets.

The carrying amount of right-of-use assets are adjusted for any remeasurement of lease liabilities. It is decreased to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. For all other lease modifications, the Group makes a corresponding adjustment to the right-of-use asset.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the EUL of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of commercial spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases prior to January 1, 2019
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangements.

A reassessment is made after inception of the lease only if any of the following applies:

a. There is a change in contractual term, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or an extension is granted, unless the term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating lease - Group as a lessee
Leases where the lessor retains substantially all the risk and benefits of the ownership of the leased asset are classified as operating leases. Operating lease expense is recognized in the statement of comprehensive income on a straight-line basis over the lease term.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

EPS amounts are calculated by dividing the consolidated net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted Earnings Per Share
Diluted EPS amounts are calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

Financial information on business segments is presented in Note 32.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group's estimate of the probable cost is developed in consultation with its legal counsels and is based upon an analysis of potential results. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

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

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprise items of income and expense that are not recognized in the profit or loss in the consolidated statement of comprehensive income for the year in accordance with PFRSs.

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

3. Significant Accounting Judgments and Use of Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Going concern assessment

The use of the going concern assumption involves management making significant judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management takes into account a whole range of factors which include, but are not limited to, the forecasted cash flows, and the other potential sources of additional financing.

Management believes that with the implementation of strategies and action plans discussed in Note 1, the Group will be able to address the events or conditions identified that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the accompanying financial statements have been prepared on a going concern basis of accounting. While the government eases restrictions of business activities to revive economic growth, the impact of the COVID-19 pandemic may continue to evolve giving inherent uncertainties on businesses.

Real estate revenue recognition

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) application of the input method as the measure of progress in determining real estate revenue; (c) identifying performance obligation, (d) determination of the actual costs incurred as cost of sales and (e) assessment on the transfer of control to the buyer.

a) *Existence of a contract*

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

Equity threshold

Part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as previous experience with the buyer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of customers' equity before commencing revenue recognition.

b) *Revenue recognition method and measure of progress*
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that the input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customer.

c) *Identifying performance obligation*
The Group has various contracts to sell covering subdivided lot and condominium units. The Group concluded that there is one performance obligation in each of these contracts because: (i) for subdivided lots, the developer integrates the lots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract; (ii) for the contract covering condominium units, the developer has the obligation to deliver the house or condominium unit duly constructed on a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

d) *Determination of the actual cost incurred as cost of sales*
In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

e) *Assessment on the transfer of control to the buyer*
In assessing the transfer of control to the buyer, the Group considers the transfer of the legal title of the property through the conveyance of real estate properties to the buyers. The Group initiates the execution of a contract in public instrument that constitutes constructive delivery of the property where ownership was already considered transferred.

Operating leases - Group as lessor
The Group has entered into operating leases on its heavy equipment. These leases do not provide for an option to purchase or transfer ownership of the property at the end of the lease and the related lease terms do not approximate the EUL of the assets being leased. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Distinction between real estate held for sale and investment property
The Group determines whether a property will be classified as real estate held for sale, or investment property. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate held for sale). All other properties that are not yet determined to

be sold in the normal operating cycle and are held for capital appreciation are classified as investment properties. The aggregate carrying values of real estate held for sale amounted to ₱831.73 million and ₱1,025.56 million as of December 31, 2020 and 2019, respectively, while the carrying values of investment properties as of December 31, 2020 and 2019 were ₱1,666.39 million and ₱1,298.47 million, respectively (see Notes 6 and 9).

In 2019, the Group changed its intention over the use of its various properties from properties held for sale to properties held for capital appreciation. As a result, the Group reclassified these properties from real estate held for sale to investment properties (see Notes 6 and 9).

The Group considers each property separately in making its judgment.

Estimates

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

Revenue recognition on real estate sales

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate is recognized based on the proportion of cost incurred to date over total estimated cost of the real estate project.

For the years ended December 31, 2020 and 2019, real estate sales amounted to ₱479.30 million and ₱79.10 million, respectively (see Note 32).

Revaluation of investment properties

The Group engaged an independent appraiser to determine the fair value of its investment properties. The fair values of investment properties as of report date were based on the detailed appraisal performed on December 14, 2019 and repriced in accordance with prevailing market prices prevailing as of December 15, 2020. The fair values of investment properties were determined using the Market Approach. Market Approach involves the comparison of the land to those that are located within the vicinity of the appraised property and are subject of recent sales and offerings.

Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

Fair value changes in 2020 and 2019, which were recognized in profit or loss amounted to ₱367.92 million and ₱816.49 million, respectively. The carrying value of investment properties as of December 31, 2020 and 2019 amounted to ₱1,666.39 million and ₱1,298.47 million, respectively (see Note 9).

Estimating allowance for expected credit losses

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

The Group adopted the vintage analysis approach to calculate ECL for contracts receivable and contract assets. For other financial assets, ECLs are recognized in two stages. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information including the impact of the COVID-19 pandemic, in calculating ECL. For instance, if forecasted economic conditions (e.g., gross domestic product (GDP) and gross value added (GVA) on real estate and ownership of dwellings) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions (e.g., GDP and GVA on real estate and ownership of dwellings) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Note 5.

As at December 31, 2020 and 2019, allowance for ECL amounted to ₱31.32 million and ₱34.26 million, respectively. The carrying value of receivables and contract assets, net of allowance for ECL, amounted to ₱383.12 million and ₱758.00 million as at December 31, 2020 and 2019, respectively (see Note 5).

Determining NRV of real estate held for sale
The Group's estimates of net realizable value of real estate held for sale are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate held for sale are expected to be realized. These estimates consider the market conditions and prices existing at the reporting date determined by the Group in the light of recent market transactions. The Group's real estate held for sale as of December 31, 2020 and 2019 amounted to ₱831.73 million and ₱1,025.56 million, respectively (see Note 6).

Evaluating impairment of deferred exploration costs
The Group reviews the carrying values of its deferred exploration costs whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves.

An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value. No impairment loss was recognized in 2020 and 2019. Deferred exploration costs amounted to ₱403.75 million and ₱390.20 million as at December 31, 2020 and 2019 (see Note 8).

Evaluating impairment of goodwill
The Group is required to annually test the amount of goodwill for impairment. The recoverable amounts of CGUs have been determined based on the higher of fair value less cost of disposal and value-in-use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. Estimating the value-in-use require the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for a company having substantially the same risks and characteristics. Current and historical transactions have been used as indicators of future transactions.

No impairment in value was recognized in 2020 and 2019. The carrying value of goodwill amounted to ₱15.70 million as of December 31, 2020 and 2019 (see Note 12). Management believes that any reasonable change in any of the above key assumptions on which the recoverable amount is based on would not cause the carrying value of the goodwill to materially exceed its recoverable amount.

Evaluating impairment of nonfinancial assets (excluding goodwill and deferred exploration costs)
The Group reviews film rights, exclusive distribution right, and property and equipment for impairment of value. This includes considering certain indicators of impairment such as significant changes in asset usage, significant decline in the assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The following table summarizes the carrying values of the assets subject to impairment testing:

	2020	2019
Property and equipment (Note 10)	**₱231,177,984**	₱310,711,952
Film rights (Note 12)	**3,649,513**	4,055,014
Right-of-use asset (Note 31)	**680,526**	1,350,406
Other assets (Notes 7 and 13)*	**196,497,946**	148,170,345
	₱432,005,969	₱464,287,717

**excluding receivable from PAGCOR and security deposits*

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the fair value less cost to sell and the value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect film rights, exclusive distribution right, and property and equipment.

In May 2017, due to operational issues, CUBES operation was discontinued and was put on hold. As of December 31, 2020, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers. Accordingly, management has fully impaired its exclusive distribution right in 2018 (see Note 11).

In 2019, CUBES fully impaired its property and equipment with a net book value of ₱22.60 million (see Note 10).

Pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected employee benefit pay out as at end of the reporting periods. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the Philippines.

As of December 31, 2020, and 2019, pension liabilities amounted to ₱34.02 million and ₱26.00 million, respectively. Remeasurement loss in defined benefit obligation recognized in other comprehensive income amounted to ₱2.31 million and ₱8.44 million in 2020 and 2019, respectively, while remeasurement gain in defined benefit obligation recognized in other comprehensive income amounted to ₱2.36 million in 2018. Pension costs reported in profit or loss amounted to ₱5.98 million, ₱3.17 million and ₱3.04 million in 2020, 2019 and 2018, respectively (see Note 22).

Deferred tax assets
The Group reviews the carrying amounts of its deferred taxes 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. The Group looks at its projected performance in assessing the sufficiency of future taxable income. As at December 31, 2020 and 2019, deferred tax assets recognized in the consolidated statements of financial position amounted to ₱35.68 million and ₱31.60 million, respectively (see Note 27).

As of December 31, 2020 and 2019, no deferred tax assets were recognized for NOLCO and other deductible temporary differences (see Note 27).

4. Cash

	2020	2019
Cash on hand	**₱984,831**	₱2,730,653
Cash in banks	**123,538,336**	78,831,776
	₱124,523,167	₱81,562,429

Cash in banks earn interest at the prevailing bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.06 million, ₱0.11 million and ₱0.12 million in 2020, 2019 and 2018, respectively.

5. Receivables

	2020	2019
Advances to officers and employees (Note 21)	**₱50,468,382**	₱71,466,610
Contract receivables	**26,569,360**	36,430,270
Trade receivables	**13,968,583**	9,987,758
Others	**6,934,538**	950,509
	97,940,863	118,835,147
Less allowance for impairment losses	**31,316,750**	34,262,147
	₱66,624,113	₱84,573,000

Advances to officers and employees
Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are liquidated 30 days from the date the cash advances are made.

Contract receivables
Contract receivables arise from sale of real estate properties. These receivables are collectible in monthly installment over a period of 1 to 10 years and bear annual effective interest rates ranging from 8.00% to 16.00%. Titles to real estate properties are not transferred to the buyers until full payment is made. Interest income from contracts receivable amounted to ₱3.27 million, ₱6.18 million and ₱4.55 million in 2020, 2019 and 2018, respectively. Income from forfeited deposits and penalties on contracts receivable included in "Other income (charges)" amounted to nil, ₱20.11 million and ₱9.71 million in 2020, 2019 and 2018, respectively.

Contract Assets
The following table presents the breakdown of contract assets by maturity dates:

	2020	2019
Due within one year	**₱250,548,433**	₱618,362,122
Due after one year	**65,945,420**	55,066,445
	₱316,493,853	₱673,428,567

Contract receivables and contract assets with a total amount of ₱52.33 million and ₱111.41 million as of December 31, 2020 and 2019, respectively, were assigned with recourse to banks and other non-bank financing institutions. These receivables were not derecognized as the Group retains substantially all risks and rewards of ownership of the receivables (see Note 15).

Movement in the allowance for impairment losses on contract receivables and contract assets follows:

	2020	2019
Balances at beginning of year	**₱23,681,600**	₱41,758,207
Recovery of impairment losses	–	(18,076,607)
Balances at end of year	**₱23,681,600**	₱23,681,600

Trade receivables
Trade receivables, net of allowance for impairment, include short-term and noninterest-bearing receivable arising from hauling services operations. Credit terms for trade receivables are 30 to 60 days.

Movement in the allowance for impairment losses on trade receivables follows:

	2020	2019
Balances at beginning of year	**₱4,733,046**	₱10,154,843
Recovery of impairment losses	**(2,945,397)**	(5,421,797)
Balances at end of year	**₱1,787,649**	₱4,733,046

In 2020, trade receivables without allowance for impairment loss amounting to ₱5.11 million (nil in 2019) were directly written off by the Group (see Note 26).

Other receivables
Other receivables pertain to advances for liquidation that are noninterest bearing and are due within one year. Allowance for impairment losses on advances and other receivables amounted to ₱5.85 million as of December 31, 2020 and 2019, respectively.

6. Real Estate Held for Sale

	2020	2019
Real estate under development and subdivided lots held for sale	**₱647,308,408**	₱841,131,708
Land and land development	**184,425,751**	184,425,751
	₱831,734,159	₱1,025,557,459

A summary of the movement in real estate under development and subdivided lots held for sale is set out below:

	2020	2019
Balances at beginning of year	**₱841,131,708**	₱997,009,865
Construction development costs incurred	**107,440,075**	68,002,382
Cost of real estate sales	**(301,263,375)**	(99,493,674)
Other adjustments	**–**	(124,386,865)
Balances at end of year	**₱647,308,408**	₱841,131,708

Other adjustments mainly pertain to cancellation of a certain real estate project of the Group.

Real estate under development and subdivided lots held for sale include on-going residential projects of the Group. The estimated cost to complete the projects amounted to ₱7.32 million and ₱587.84 million as of December 31, 2020 and 2019, respectively.

A summary of the movement in land and land development is set out below:

	2020	2019
Balances at beginning of year	**₱184,425,751**	₱609,434,277
Reclassification to investment properties (Note 9)	**–**	(425,008,526)
Balances at end of year	**₱184,425,751**	₱184,425,751

In 2019, the Group changed its intention over the use of its various properties from properties held for sale to properties held for capital appreciation. As a result, the Group reclassified these properties with total carrying amount of ₱425.01 million from real estate held for sale to investment properties (see Notes 3 and 9). These constitute significant noncash transactions in the 2019 consolidated statement of cash flows.

The Group is committed to pay the outstanding balance of purchased land payable, which pertains to land acquisitions, amounting to ₱18.10 million and ₱49.36 million as of December 31, 2020 and 2019, respectively. There are no other purchase commitments as of December 31, 2020.

As of December 31, 2020, and 2019, certain lots and units with carrying value of ₱52.68 million and ₱117.41 million, respectively, are held as collateral for the Group's bank loans (see Note 15).

7. Other Current Assets

	2020	2019
Tax credits	**₱79,424,715**	₱53,929,151
Advances to suppliers and contractors	**71,270,841**	15,873,618
Input VAT - net of allowance for impairment losses	**31,775,366**	56,188,237
Supplies inventory	**1,329,550**	2,830,088
Prepayments	**545,972**	1,944,672
Security deposits	**852,022**	–
Others	**1,384,422**	3,538,085
	₱186,582,888	₱134,303,851

Tax credits
Tax credits to ₱79.42 million and ₱53.93 million as of December 31, 2020 and 2019, respectively, are available for offset against income tax payable in future periods.

Advances to suppliers and contractors
Advances to suppliers and contractors represent down payments for development and construction contracts. The initial down payments will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the suppliers and contractors.

Impairment loss on advances to suppliers and contractors recognized in the consolidated statements of comprehensive income amounted to ₱1.26 million, ₱35.87 million and ₱15.06 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 26). The Group impaired advances to suppliers and contractors without existing allowance amounting to ₱1.26 million in 2020 (nil in 2019 and 2018). Allowance for impairment loss amounted to ₱50.93 million as of December 31, 2020 and 2019.

Input VAT
Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. This is expected to be recovered against output VAT. The current portion amounting to ₱31.78 million and ₱56.19 million as of December 31, 2020 and 2019, respectively, is expected to be recovered in 2021 and 2020, respectively. Deferred input VAT, which is presented under the "Other noncurrent assets" account in the consolidated statement of financial position amounting to ₱10.56 million and ₱13.43 million, as of December 31, 2020 and 2019, respectively, are recoverable in future periods after year 2021 and 2020, respectively (see Note 13).

Details of input VAT as of December 31, 2020 and 2019 follow:

	2020		2019	
	Current	**Noncurrent (Note 13)**	Current	Noncurrent (Note 13)
Input VAT	**₱36,277,396**	**₱14,938,577**	₱60,624,267	₱17,803,208
Less allowance for impairment losses	**4,502,030**	**4,377,303**	4,436,030	4,377,303
	₱31,775,366	**₱10,561,274**	₱56,188,237	₱13,425,905

Movement in the allowance for impairment losses on input VAT follows:

	2020		2019	
	Current	**Noncurrent**	Current	Noncurrent
Beginning balances	**₱4,436,030**	**₱4,377,303**	₱4,370,030	₱4,377,303
Provision for impairment losses during the year (Note 26)	**66,000**	**–**	66,000	–
	₱4,502,030	**₱4,377,303**	₱4,436,030	₱4,377,303

The Group impaired input VAT with no existing allowance amounting to ₱5.23 million and nil in 2020 and 2019, respectively (see Note 26).

Supplies inventory
Supplies inventory pertains to parts and materials used in the repair and maintenance of the Group's heavy equipment being used in its mining-related activities.

Prepayments
Prepayments include prepaid insurance which will be amortized within three (3) to twelve (12) months at the end of the financial reporting date, prepaid rent and cost to obtain contracts, i.e., commission that is related to the real estate sales.

Others
Other current assets mostly pertain to cash bonds of the Group.

8. Deferred Exploration Costs

In 2018, the Group acquired PSMVI and PHMIC, which are holders of Mineral Production Sharing Agreements (MPSAs; see Note 11).

Deferred exploration costs relate to the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC in Barangay Isumbo, Sofronio Española and Barangay Pinaglabanan, Quezon in the Province of Palawan, known as the Panitian Limestone Project. The subsidiaries holding the MPSAs are under the pre-operating stage and the limestone project is under the exploration stage as at December 31, 2020.

The Panitian Limestone Project in Barangay Isumbo and Pinaglabanan covers 10,384.11 hectares under MPSA 172-2001-IV and MPSA 173-2001-IV. The MPSAs were approved on January 16, 2001 and have a validity period of 25 years, expiring on January 16, 2026. As at December 31, 2020, the Group is in the process of renewing its exploration period subject to evaluation and approval of MGB upon submission of requirements.

Deferred exploration costs attributable to the Group's Panitian Limestone Project amounted to ₱403.75 million and ₱390.20 million as of December 31, 2020 and 2019, respectively.

No impairment loss was recognized in the consolidated statements of comprehensive income in 2020, 2019 and 2018.

9. Investment Properties

In November 2011, the Group applied for foreclosure sale during which it was the highest bidder for the amount of the promissory note totalling ₱75.00 million. The certificate of sale was awarded to the Group on December 26, 2011. The land was classified as investment property and was recognized at purchase price plus transaction costs totalling to ₱95.39 million.

In 2016, the Group revalued its investment property to ₱425.01 million, resulting in an unrealized gain on fair valuation of ₱329.62 million.

In 2017, the Group changed its intention over the use of the said property in Palawan from property held for capital appreciation to a property to be developed and sold in the future. As a result of the change of intention, the Group reclassified its land in Palawan from investment properties to real estate held for sale.

In 2019, the Group changed its intention over the use of its various properties from properties held for sale to properties held for capital appreciation. As a result, the Group reclassified these properties with total carrying amount of ₱425.01 million from real estate held for sale to investment property (see Notes 3 and 6). This was approved by the BOD on December 13, 2019. For the year ended December 31, 2020 and 2019, the Group recognized unrealized gain on fair valuation of ₱367.92 million and ₱816.49 million, respectively to remeasure these properties at their fair value.

Below are the investment properties of the Group per location as of December 31:

	2020	2019
Site I	**₱1,624,810,000**	₱1,249,854,000
Site II	**41,578,000**	48,614,000
	₱1,666,388,000	₱1,298,468,000

Sites I and II are situated in Sitios Busay and Candes, respectively, both being located within Barangay Bacungan, Puerto Princesa City.

The fair values of the investment properties were determined based on valuations performed by independent qualified appraiser using the Market Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listing to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the property and were premised on the factors of location, size and shape of the lot, time, element and others. The selling price is adjusted for certain external and internal factors ranging from negative 10% to positive 35%. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value.

The following tables provide the unobservable inputs used in the fair valuation:

	2020	
Inputs	**Site I**	**Site II**
Land area (square meter)	**4,999,414**	**127,932**
Price per square meter	**₱325**	**₱325**
Fair value	**₱1,624.81 million**	**₱41.58 million**

	2019	
Inputs	Site I	Site II
Land area (square meter)	4,999,414	127,932
Price per square meter	₱250	₱380
Fair value	₱1,249.85 million	₱48.61 million

Based on the analysis of the land usage surrounding the Nagtabon, Puerto Princesa investment property, the highest and best use of the investment property for Site I is to be a commercial development such as beach resort or hotel resort and interim highest and best use for Site II is an agricultural land utilization, until such time when it is ripe for any other type of development.

In 2017, investment properties were used as collateral for convertible loans and callable loans. Fair values of these collaterals amounted to ₱67.11 million and ₱49.64 million as of December 31, 2020 and 2019, respectively (see Notes 18 and 19).

10. Property and Equipment

	2020							
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in progress	Total
Cost								
Balances at beginning of year	₱20,384,323	₱603,079,289	₱8,767,230	₱4,055,404	₱84,522,246	₱75,487,639	₱696,221	₱796,992,352
Additions	–	4,281,429	189,990	–	5,525,674	2,642,121	–	12,639,214
Disposal	–	(96,471,429)	–	–	(13,874,438)	(8,155,939)	–	(118,501,806)
Balances at end of year	20,384,323	510,889,289	8,957,220	4,055,404	76,173,482	69,973,821	696,221	691,129,760
Accumulated Depreciation, Amortization and Impairment Loss								
Balances at beginning of year	13,755,742	340,609,392	8,035,735	3,626,444	59,483,922	60,072,944	696,221	486,280,400
Depreciation and amortization for the year (Notes 24 and 25)	1,422,834	75,223,640	578,380	168,172	8,937,921	5,308,530	–	91,639,477
Disposal	–	(95,937,736)	–	–	(13,874,477)	(8,155,888)	–	(117,968,101)
Balances at end of year	15,178,576	319,895,296	8,614,115	3,794,616	54,547,366	57,225,586	696,221	459,951,776
Net Book Values	₱5,205,747	₱190,993,993	₱343,105	₱260,788	₱21,626,116	₱12,748,235	₱–	₱231,177,984

	2019							
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in progress	Total
Cost								
Balances at beginning of year	₱20,384,323	₱475,726,429	₱8,767,230	₱4,037,369	₱68,771,695	₱67,547,510	₱696,221	₱645,930,777
Additions	–	132,292,860	–	18,035	12,156,513	7,940,129	–	152,407,537
Disposal	–	–	–	–	(1,345,962)	–	–	(1,345,962)
Reclassifications	–	(4,940,000)	–	–	4,940,000	–	–	–
Balances at end of year	20,384,323	603,079,289	8,767,230	4,055,404	84,522,246	75,487,639	696,221	796,992,352
Accumulated Depreciation, Amortization and Impairment Loss								
Balances at beginning of year	11,283,823	252,152,585	5,391,387	2,964,248	48,669,172	30,554,166	–	351,015,381
Depreciation and amortization for the year (Notes 24 and 25)	2,471,919	88,456,807	1,540,685	634,942	11,479,601	9,431,978	–	114,015,932
Impairment (Note 26)	–	–	1,103,663	27,254	681,111	20,086,800	696,221	22,595,049
Disposal	–	–	–	–	(1,345,962)	–	–	(1,345,962)
Balances at end of year	13,755,742	340,609,392	8,035,735	3,626,444	59,483,922	60,072,944	696,221	486,280,400
Net Book Values	₱6,628,581	₱262,469,897	₱731,495	₱428,960	₱25,038,324	₱15,414,695	₱–	₱310,711,952

The breakdown of consolidated depreciation and amortization of property and equipment follows:

	2020	2019	2018
Cost of services (Note 24)	**₱83,436,748**	₱97,277,092	₱56,109,556
General and administrative expenses (Note 25)	**8,202,729**	16,738,840	18,530,046
	₱91,639,477	₱114,015,932	₱74,639,602

The Group's mortgage loans are collateralized by the Company's transportation equipment with a carrying amount of ₱1.79 million and ₱3.58 million as of December 31, 2020 and 2019, respectively (see Note 14).

In December 2019, the Group fully impaired the property and equipment of CUBES with a net book value of ₱22.60 million (see Note 26).

11. Business Combination and Asset Acquisitions

Acquisition of PHMIC and PSMVI
In 2018, the Parent Company entered into a Memorandum of Agreement (MOA) with the shareholders of PHMIC and PSMVI which gives the Parent Company the sole and exclusive right to acquire shares of up to 100% of the total issued and outstanding common shares of PHMIC and PSMVI. The Parent Company subsequently assigned its right to PGDI, a majority-owned subsidiary. On August 28, 2018, the BOD approved the conversion of the Parent Company's advances to PGDI to equity shares allowing PGDI to own up to 100% of PHMIC and PSMVI. As of December 31, 2020 and 2019, PGDI has subscribed to 98.88% of PHMIC and 98.55% of PSMVI through conversion of its advances to equity amounting to ₱220.00 million and ₱170.00 million, respectively. The valuation of the advances converted to equity was approved by the SEC on November 20, 2018. PHMIC and PSMVI are engaged in the business of operating coal mines, and of prospecting, exploration and mining of all kinds of ores, metals, minerals, hydrocarbons, acids and chemicals, and its related by-products.

Furthermore, PGDI entered into a Deed of Assignment (DOA) with PHMIC and PSMVI wherein PGDI assigned advances to PHMIC and PSMVI amounting to ₱220.00 million and ₱170.00 million, respectively, for conversion to equity through application of advances as payment for PGDI's subscription. The valuation of the advances converted to equity was approved by the SEC on July 11, 2018.

Certain advances made in prior years were converted and used to subscribe to shares in PHMIC and PSMVI.

The transaction was accounted for as an asset acquisition. The identifiable assets acquired pertains primarily relates to deferred exploration costs (see Note 8).

Acquisition of GLCI
In June 2015, the Group acquired 550,000 shares of GLCI representing 55% ownership interest for a total consideration of ₱275.00 million or ₱500 per share. GLCI is a real estate developer based in Baguio City and develops innovative master planned communities of low to mid-rise residential and commercial condominiums including student dormitories.

The transaction was accounted for as a business combination using acquisition method. The Group elected to measure non-controlling interest at the proportionate share of non-controlling interest in the identifiable net assets of GLCI.

The Group sought an independent valuation for the land and land development owned by GLCI which was done by an independent appraiser accredited by the SEC. The Group also prepared an internal valuation of the acquired real estate held for sale. The fair value of the land and land development was based on sales comparison approach while the fair value of the real estate held for sale was based on discounted free cash flow of GLCI. The significant assumption for the fair value of land and land development pertains to the sales price per square meter while the significant assumption for the real estate held for sale pertains to the discount rate used and the projected cash flow of GLCI.

Acquisition of CUBES
In October 2014, the Group signed a MOA with CUBES and LIMC for the acquisition of up to 51.0% ownership interest with CUBES. CUBES is engaged in the business of providing refrigeration to established cold storage facilities through a patented Thermo Chiller system developed in the United States.

In November 2014, the Group initially subscribed 5.20 million shares in CUBES representing 25.5% ownership interest for a total consideration of ₱40.0 million. The transaction was accounted for under PAS 28, *Investments in Associates and Joint Ventures* and the Group measured the investment in CUBES using equity method. Subsequently, in February 2015, the Group acquired additional 5.20 million shares in CUBES for a total consideration of ₱40.0 million increasing its ownership interest to 51.0%. In 2015, the transaction was accounted for as acquisition achieved in stages under PFRS 3, *Business Combinations*. The Group elected to measure non-controlling interest at the proportionate share of non-controlling interest in the identifiable net assets of CUBES.

In 2018, the Group fully impaired the exclusive distribution right and goodwill relating to CUBES. In December 2019, the Group fully impaired the property and equipment of CUBES with a net book value of ₱22.60 million (see Notes 12 and 26).

12. Goodwill and Intangible Assets

	2020			
	Goodwill	**Film Rights**	**Exclusive Distribution Right**	**Total**
Cost				
Balances at beginning and end of year	**₱556,123,930**	**₱59,641,480**	**₱150,494,041**	**₱766,259,451**
Accumulated Amortization and Impairment Losses				
Balances at beginning of year	**540,422,126**	**55,586,466**	**150,494,041**	**746,502,633**
Amortization (Note 25)	–	**405,501**	–	**405,501**
Balances at end of year	**540,422,126**	**55,991,967**	**150,494,041**	**746,908,134**
Net Book Values	**₱15,701,804**	**₱3,649,513**	**₱–**	**₱19,351,317**

	2019			
	Goodwill	Film Rights	Exclusive Distribution Right	Total
Cost				
Balances at beginning and end of year	₱556,123,930	₱59,641,480	₱150,494,041	₱766,259,451
Accumulated Amortization and Impairment Losses				
Balances at beginning of year	540,422,126	55,135,909	150,494,041	746,052,076
Amortization (Note 25)	–	450,557	–	450,557
Balances at end of year	540,422,126	55,586,466	150,494,041	746,502,633
Net Book Values	₱15,701,804	₱4,055,014	₱–	₱19,756,818

Goodwill and exclusive distribution rights
The Group's goodwill pertains to: (a) the acquisition of PGDI in April 2012 amounting to ₱9.48 million, (b) the acquisition of additional interest in CUBES in February 2015 amounting to ₱2.61 million and (c) the acquisition of GLCI in June 2015 amounting to ₱6.23 million. The exclusive distribution right asset relates to CUBES's exclusive right to distribute specific types of thermochillers in the Philippines (see Note 11).

Under PFRS, the Group is required to annually test the amount of goodwill and the exclusive right to distribute if there are indicators of impairment. The Group performed its impairment test on its goodwill and exclusive distribution right as of December 31, 2020 and 2019, respectively. The Group assumed that there are no cash flows considering that CUBES has ceased its operations. Related goodwill from the acquisition of CUBES is fully impaired as of December 31, 2020 and 2019. For goodwill allocated to PGDI and GLCI, the recoverable amounts of goodwill were determined based on fair value less costs to sell as of December 31, 2020 and 2019.

Film rights
In 2020, 2019 and 2018, the Group recognized amortization expense on film rights amounting to ₱0.41 million, ₱0.45 million and ₱0.50 million, respectively (see Note 25). The Group used the income approach - discounted cash flow method in the valuation of its film rights. This method assumes that the going rate per film of ₱0.75 million declines by 10.00% per year as observed in the price trends from 1998 up to the current year.

13. Other Noncurrent Assets

	2020	2019
Deferred input VAT - net of impairment loss (Note 7)	**₱10,561,274**	₱13,425,905
Receivable from PAGCOR	**3,042,702**	3,042,702
Security deposits	**–**	852,022
Others	**205,806**	430,589
	₱13,809,782	₱17,751,218

Receivable from PAGCOR
In 2011, the Group received a notice of garnishment for the amount of ₱3.04 million in connection with a complaint filed against Blue Sky Philko wherein the Group was made as a co-defendant. Accordingly, the Group's commission from PhilWeb for the same amount was lodged under the custody of PAGCOR. As of December 31, 2020, the case is pending before the Quezon City Regional Trial Court.

Security deposits
Security deposits pertain to the deposits paid by the Group to certain lessors at the inception of the lease contracts to be refunded at the end of the lease term. In 2018, the Group impaired its security deposit, recognizing a loss of ₱0.15 million (see Note 26).

14. Short-term Loans

Party	Year	Principal Repayments	Outstanding Balance	Terms	Conditions
Banks	**2020**	**₱2,062,500**	**₱12,937,500**	180 to 360 days;	Unsecured
	2019	15,000,000	15,000,000	6.50% to 6.75% per annum;	
Shareholders and Officers (Note 21)	**2020**	–	**34,025,000**	180 to 360 days	Unsecured
	2019	6,000,000	34,025,000	6.00% per annum	
Third Parties	**2020**	**5,000,000**	**179,000,000**	180 to 360 days;	Unsecured
	2019	207,000,000	184,000,000	7.5% to 12.0% per annum	
Total	**2020**	**₱7,362,500**	**₱225,962,500**		
	2019	228,000,000	233,025,000		

Short-term loans were obtained to finance the working capital requirements of the subsidiaries and partially finance the acquisition of the Group's heavy equipment.

Total interest expense on short-term loans amounted to ₱61.13 million, ₱60.03 million, and ₱19.39 million in 2020, 2019 and 2018, respectively (Note 28).

Loans from Officers and Shareholders - Noncurrent
In 2019, the Group was able to secure several letters from its shareholders and officers representing their agreement to defer the collections of their short-term loans with the Group until December 31, 2021.

As of December 31, 2020 and 2019, total loans not currently maturing amounted to ₱64.50 million and ₱78.30 million, respectively, presented as "Loans from Officers and Shareholders" under noncurrent liabilities in the consolidated statements of financial position (see Note 21). These unsecured loans are interest bearing at 6% per annum.

Loans from Third Party - Noncurrent
In 2019, the Group was able to secure a letter representing a third-party creditor's agreement to defer the collections of short-term loan amounting to ₱8.00 million with the Group until December 31, 2021. Total amount of loan was accordingly presented as "Loans from third parties" under noncurrent liabilities in the consolidated statements of financial position as of December 31, 2020 and 2019. This unsecured loan is interest-bearing at 8% per annum.

15. Loans Payable

This account consists of the following loans payable:

	2020	2019
Secured by real estate mortgage	**₱243,988,807**	₱401,376,410
Unsecured	**53,138,340**	476,182,252
Mortgaged	**1,905,679**	3,137,650
Secured by contract receivables and contract assets (Note 5)	**52,332,267**	111,407,331
Total loans payable	**351,365,093**	992,103,643
Less noncurrent portion of loans payable	**39,998,273**	243,805,869
Current portion of loans payable	**₱311,366,820**	₱748,297,774

Loans payable - unsecured, secured by real estate mortgage and mortgaged
Loans payable - unsecured and secured by real estate mortgage represents loans with interest rate at prevailing market rates ranging from 1.5% to 10.0% within one to five years. Loans payable - mortgaged pertains to car loans for vehicles used in operations availed of by the Group.

The current and noncurrent portions of long-term loans payable are as follows:

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Philippine Veterans Bank	**2020** 2019	**₱314,000,000** 314,000,000	**₱168,881,662** 209,528,963	5 years; 9.65% to 10.99% per annum	Secured by a real estate mortgage on certain parcels of land
Union Bank of the Philippines	**2020** 2019	**67,548,000** 67,548,000	**12,062,922** 23,383,296	5 years; 6.00 to 9.68% per annum	Secured by a real estate mortgage on certain property
Zambales Bank	**2020** 2019	**25,000,000** 25,000,000	**8,767,281** 13,768,137	5 to 10 years; 8.00% per annum	Secured by a real estate mortgage on certain parcel of land
Bank of Makati	**2020** 2019	**80,000,000** 80,000,000	**5,672,054** 33,699,248	4 years; 7.50% per annum	Secured by a real estate mortgage on certain parcel of land
Tanay Rural Bank	**2020** 2019	**10,000,000** 10,000,000	**2,885,079** 8,048,940	2 years; 18.00% per annum	Secured by a real estate mortgage on certain property
BDO Unibank, Inc.	**2020** 2019	**4,831,200** 4,831,200	**520,838** 1,384,815	5 years; 9.95% per annum	Mortgaged
Sterling Bank of Asia	**2020** 2019	**31,500,000** 31,500,000	**–** 8,512,462	1 year; 8.75% to 10.50% per annum	Secured by a real estate mortgage on certain property
Other financing institutions	**2020** 2019	**127,421,540** 127,421,540	**41,367,490** 106,188,199	1 to 3 years; 10% to 33% per annum	Secured by a real estate mortgage and certain parcel of land

(Forward)

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Other financing institutions	**2020**	**₱551,169,362**	**₱58,875,500**	1 to 3 years; 10% to 33% per annum	Unsecured
	2019	551,169,362	476,182,252		
Total	**2020**	**1,211,470,102**	**299,032,826**		
	2019	1,211,470,102	880,696,312		
Less noncurrent portion of loans payable	**2020**		**18,311,848**		
	2019		197,780,954		
Current portion of long-term loans payable	**2020**		**₱280,720,978**		
	2019		682,915,358		

In 2020, GLCI recognized real estate sales and contract liability amounting to ₱397.48 million and ₱0.07 million, respectively, in exchange for the settlement of the outstanding loans from its creditors. Carrying value of loans extinguished amounted to ₱397.48 million. Related cost of real estate sales amounted to ₱235.38 million.

Loans payable - secured by contract receivables and contract assets (see Note 5)
The Group entered into loan agreements with different banks and other non-bank financing institutions to assign with recourse CTS of unit buyers payable in monthly amortization of up to five years and bears interest rates ranging from 7.30% to 9.00%. The following table presents the breakdown by maturity dates:

	2020	2019
Due within one year	**₱30,645,842**	₱65,382,416
Due after one year	**21,686,425**	46,024,915
	₱52,332,267	₱111,407,331

Interest expense arising from the loans payable recognized in the consolidated statements of comprehensive income amounted to ₱68.77 million, ₱217.29 million and ₱135.09 million, in 2020, 2019 and 2018, respectively (see Note 28).

GLCI's debt instruments contain restrictive covenants. Development Bank of the Philippines requires maintenance of long-term debt-to-equity ratio of 75:25, current ratio of not less than 1:1.2 and debt-to-service coverage ratio of 1:1. Philippine Veterans Bank restricts payment and declaration of cash dividends, management bonus or profit sharing to, or making any loans or advances to the Group's directors, officers and stockholders, sale of significant assets and requires maintenance of debt-to-equity ratio of 1.5:1. Maybank Philippines, requires debt-to-service ratio of not less than 1.25 throughout the term of the loan while Sterling Bank of Asia prohibits dividend declaration or allowances to officers or stockholders if the total debt to equity ratio exceed 3:1. In addition, under the agreement with Zambales Bank, loan may be declared due and payable should there be occurrence of payment default or cross default.

As of December 31, 2020 and 2019, GLCI was able to meet the required debt covenants except for debt-to-equity ratio, debt-to-service coverage ratio and cross default covenant, resulting to reclassification of loans payable amounting to ₱54.39 million and ₱1.41 million from noncurrent liabilities to current liabilities as of December 31, 2020 and 2019, respectively. Total outstanding balance of loans payable with breached debt covenants amounted to ₱192.88 million and ₱261.70 million under current liabilities as of December 31, 2020 and 2019, respectively.

The schedule of maturities of loans payable of the Group as of December 31 follows:

	2020	2019
Less than one year	**₱311,366,820**	₱748,297,774
One to two years	**39,998,273**	203,124,516
More than two years	–	40,681,353
	₱351,365,093	₱992,103,643

16. Purchased Land Payable

Purchased land payable pertains to noninterest-bearing payable to real estate property seller under the terms of agreement executed by the Group for the purchase of land.

In 2020, GLCI recognized real estate sales amounting to ₱5.11 million in settlement of the outstanding purchased land payable and related accrued interest with carrying values of ₱4.86 million and ₱0.25 million, respectively. Cost of real estate sales pertaining to the transaction amounted to ₱0.34 million.

Purchased land payable currently maturing as of December 31, 2020 and 2019 amounted to ₱18.10 million and ₱49.36 million, respectively.

17. Obligation Under Finance Lease and Installment Payable

Obligation under Finance Lease
In 2017 and 2016, the Group entered into a sale and leaseback agreement with BPI Century Tokyo Rental Corporation for its heavy equipment and transportation equipment for the total consideration of ₱70.60 million and ₱7.41 million, respectively. The obligations are payable in equal monthly installments until August 2021.

Currently maturing obligation under finance lease amounted to ₱0.53 million and ₱2.36 million as of December 31, 2020 and 2019, respectively.

Interest expense arising from obligations under finance lease amounted to ₱0.03 million, ₱0.70 million and ₱1.60 million in 2020, 2019 and 2018, respectively (see Note 28).

Net book values of heavy equipment and transportation equipment under finance lease amounted to nil and ₱0.35 million as at December 31, 2020 and 2019, respectively.

Installment Payable
Details of installment payable follow:

	2020	2019
Current	**₱17,055,586**	₱58,401,035
Noncurrent	–	17,055,586
	₱17,055,586	₱75,456,621

In 2018, the Group acquired additional heavy equipment amounting to ₱19.29 million. The Group initially paid ₱1.90 million and the remaining balance to be paid in equal monthly installments of ₱0.78 million to be applied to interest and principal for a period of twenty-four months with an interest rate of 8% per annum.

In 2019, the Group purchased heavy equipment from QSJ Motors Phils Inc. amounting to ₱132.29 million. The Group initially paid ₱26.75 million and the remaining balance will be paid on equal monthly installment of ₱5.20 million to be applied on interest and principal for a period of 24 months with an interest rate of 8% per annum.

Interest expense arising from the installment payable amounted to ₱8.76 million, ₱7.51 million and ₱0.59 million in 2020, 2019 and 2018, respectively (see Note 28).

18. Convertible Loans

In 2016 and 2015, the Group issued convertible notes amounting to ₱26.00 million and ₱408.00 million, respectively, to various individuals and corporations. The convertible notes have a term of three years, with fixed interest rates ranging from 6.5% to 12.0% per annum, payable on a quarterly basis and are exchangeable into fully paid and non-assessable listed PHA's common shares at a price of ₱1.00 per share. The notes allow the holder to participate in a planned stock rights offer (SRO) even while the loan is outstanding. A nil-paid, detachable warrant is also issued to the holder for every ten (10) notional common shares, excluding the rights shares, regardless of whether or not the holder subscribes to the stock rights. Each warrant shall entitle the holder to subscribe to one (1) PHA's common share. In the event of default, the lender shall be entitled, but not obliged, to convert all or a portion of the loan into fully paid and non-assessable listed PHA's common shares. The terms and conditions of said conversion shall be mutually agreed upon by the parties. If the lender does not exercise its rights to conversion, the holder may declare the entire loan including the interest, immediately due and demandable.

In 2019, the Group entered into new agreements with various creditors to extend the term of its convertible notes for another three years after its original maturity date. As of December 31, 2019, the 'day 1' difference resulting from the extension amounted to ₱6.89 million.

As of December 31, 2020 and 2019, carrying value of the convertible loans from officers and shareholders amounted to ₱95.79 million and ₱95.26 million, respectively (see Note 21).

In 2017, the Group entered into a ₱100 million loan agreement with Treasure Island Industrial Corporation (TIIC), subject to 6.5% interest payable in two (2) years. TIIC is a related party holding 17.33% ownership of PGDI (see Note 21).

The loan proceeds will be used by the Group to finance the development activities of its properties in Palawan.

The instrument is accompanied by the following options: up to ₱50 million of the loan may be converted to new shares of WPP corresponding to 5.0% of WPP post-conversion effectively at a valuation of ₱1.0 billion. The ₱100 million loan amount, in whole or in part, may be convertible to lots in the Kattinger-Nagtabon property at an agreed upon discount to the opening Joint Venture price and as soon as the Joint Venture agreement with Kattinger group is signed and agreed on by all parties concerned. The ₱100 million loan amount, in whole or in part, may be convertible to parcels of the security lots in North Cove with total area of 196,000 sqm. at a price of ₱1,000 per square meter (see Note 9).

The notes together with its features were also evaluated to determine if the embedded components qualify as derivatives to be separately accounted for under PFRS 9. As result of this evaluation, the Group identified the conversion rights with detachable warrants as derivative financial instruments to be taken up as equity. Using the residual approach, the proceeds are allocated between the debt instrument and the conversion rights with detachable warrants. The equity component on the convertible loan issued in 2017 amounted to ₱18.69 million (see Note 23).

Classification of the Group's loans payable as of December 31 follows:

	2020	2019
Current	**₱400,370,775**	₱131,319,780
Noncurrent	**94,635,393**	363,213,835
	₱495,006,168	₱494,533,615

Movement in the convertible loans as of December 31 follows:

	2020	2019
Beginning balances	**₱494,533,615**	₱515,425,292
Amortization (Redemption) of Day 1 difference	**4,972,553**	(6,891,677)
Payments	**(4,500,000)**	(14,000,000)
Ending balances	**₱495,006,168**	₱494,533,615

As at December 31, 2020 and 2019, equity portion of convertible loans payable lodged under APIC in the consolidated statements of financial position amounted to ₱18.69 million.

Movement in unamortized 'Day 1' difference as of December 31 follows:

	2020	2019
Beginning balances	**₱11,966,565**	₱5,074,888
Redemption (Amortization) of Day 1 difference	**(4,972,553)**	6,891,677
Ending balances	**₱6,994,012**	₱11,966,565

In 2020, 2019 and 2018, interest expense on the convertible loans, including the amortization of Day 1 difference, recognized in profit or loss amounted to ₱33.67 million, ₱32.42 million and ₱31.17 million, respectively (see Note 28).

19. Callable Loans

On July 6, 2018, the Group entered into a ₱15.0 million loan agreement with Kapatiran sa Kasaganaan Service & Multi-Purpose Cooperative, subject to 8% interest payable after 3 years. In 2019, multiple additional drawdowns amounting to ₱7.00 million has been received, subject to 8% interest rate per annum payable in 3 years.

The loan proceeds will be used by the Group to finance land developments in Nagtabon beach property and to finance the purchase of certain properties.

The instrument is accompanied by the option to prepay the loan in full or in partial without any penalty chargeable against it, subject to the following conditions:

i. The Borrower shall give the Lender written notice of such prepayment not less than Thirty (30) days before the proposed prepayment date, which notice, once given, shall be irrevocable and binding on the Borrower;

ii. The amount payable in respect of each prepayment shall be the full or partial outstanding principal amount of the Loan plus accrued but unpaid interest, penalties and other applicable charges;

iii. Any amount prepaid may not be re-borrowed hereunder.

As security for the payment of the loan, parcels of lots with total area of 10,500 sqm were assigned as security valued at ₱10,000 per sqm for a total collateral cover of ₱105.00 million (see Note 9).

No interest expense was capitalized as part of land development under “Real estate held for sale” in 2020 and 2019.

20. Trade and Other Payables

	2020	2019
Trade payables		
Third parties	**₱45,413,455**	₱54,214,325
Related parties (Note 21)	**13,545,504**	6,222,075
Customers’ deposits and advances	**165,325,000**	129,869,780
Advances from shareholder (Note 21)	**161,327,846**	128,714,937
Advances from third parties	**88,000,000**	–
Accrued expenses	**73,050,269**	71,050,955
Output VAT payable	**54,881,504**	–
Customer’s refunds	**50,661,185**	27,308,674
Deferred output VAT	**44,308,290**	45,362,614
Retention payable	**23,787,912**	59,373,524
Voucher’s payable	**18,428,833**	37,146,371
Others	**10,197,595**	23,393,996
	₱748,927,393	₱582,657,251

Trade payables - third parties
Trade payable to third parties relates to construction and development costs payable to contractors and suppliers. These are non-interest-bearing and are normally settled within one year after the reporting date.

Customers’ deposits and advances
Customers’ deposits and advances represent cash received from real property buyers based on the terms of the agreement executed during the year. These deposits will be applied to any receivable upon execution of the contract to sell and fulfilment by both parties of certain undertakings and conditions.

Certain agreements provide real property buyers to pay nonrefundable deposits. Nonrefundable deposits pertaining to cancelled real estate sales amounting to ₱3.39 million, nil and ₱10.26 million are recorded as "Other income (charges)" in the consolidated statements of comprehensive income in 2020, 2019, and 2018, respectively.

Advances from shareholder
Advances from shareholder pertains to the outstanding advances from PHA's shareholder in relation to the expenses incurred on the development activities of Panitian Limestone Project.

Advances from third parties
Advances from third parties pertain to cash received by the Group to fund real estate and mining projects which are noninterest bearing and payable on demand.

Accrued expenses
Accrued expenses are comprised of accruals to interest, salaries and benefits, professional fees and other taxes which are expected to be settled within twelve (12) months from the end of the reporting period.

Output VAT payable
Output VAT payable pertains to the VAT charged to the buyers recognized upon collection of the installment receivables.

Deferred output VAT
Deferred output tax pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date.

Retention payable
Retention payable is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the Group. The retained amount will be released to the contractors upon completion and satisfaction of the terms and conditions of the related construction contracts.

Others
Others include withholding taxes and other amounts payable to the Philippine Government. These are noninterest-bearing and are generally settled in 30 to 45 days.

21. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Group discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement. The Group has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2020 and 2019. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Terms and Conditions of Transactions with Related Parties

For the years ended December 31, 2020 and 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occur in cash, unless otherwise stated. The Group has approval process and established limits when entering into material related party transactions.

The Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

	Relationship	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivables (Note 5)						
Advances	Officers	**2020**	**₱20,998,228**	**₱50,468,382**	Due and demandable; non-interest bearing	Unsecured
		2019	8,356,482	71,466,610		
Loans from officers and shareholders (Note 14)						
Short-term loans	Officers & Shareholders	**2020**	**₱–**	**₱34,025,000**	180 to 360 days; 6.0% interest rate	Unsecured
		2019	6,000,000	34,025,000		
Long-term loans	Officers & Shareholders	**2020**	**13,800,000**	**64,500,000**	2 years; 60% interest rate	Unsecured
		2019	78,300,000	78,300,000		
Convertible loans (Note 18)						
Convertible loans	Officers	**2020**	**₱–**	**₱95,790,173**	3 years; 6.5% to 12.0% interest rate; Convertible to PHA shares	Secured by WPP shares
		2019	–	95,263,509		
	Related Party	**2020**	**–**	**100,000,000**	2 years; 6.5% interest rate Convertible to WPP shares or lots of WPP real estate properties	Secured by real estate properties
		2019	–	100,000,000		
		2020	**₱–**	**₱195,790,173**		
		2019	–	195,263,509		

(Forward)

	Relationship	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
Trade and other payables (Note 20)						
Management fees	Officers	**2020**	**₱5,352,941**	**₱–**	Due and demandable; non-interest bearing	Unsecured
		2019	1,636,398	1,636,398		
Payments on behalf	Officers	**2020**	**8,959,827**	**13,545,504**	Due and demandable; non-interest bearing	Unsecured
		2019	4,585,677	4,585,677		
Advances from shareholders	Officers	**2020**	**86,415,186**	**161,327,846**	Due and demandable; non-interest bearing	Unsecured
		2019	–	128,714,937		
		2020	**₱63,916,618**	**₱174,873,350**		
		2019	1,636,398	134,937,012		

In October 2019, in compliance with SEC Memorandum Circular No. 10-2019, the Group adopted and implemented its Material Related Party Transactions Policy. The policy covers all the Group's material related party transactions, defined as:

i. A single transaction with a related party amounting to 10% or higher of the Group's total consolidated assets; or

ii. Several transactions or a series of transactions over a twelve-month period with the same related party amounting to 10% or higher of the Group's total consolidated assets.

Transactions amounting to 10% or more of the total consolidated assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the material related party transaction to the requirements of the Material Related Party Transaction Policy. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

All individual material related party transactions shall be approved by the majority vote of the board of directors and shareholders. For aggregate related party transactions within a twelve-month period that breaches the materiality of 10% of the Group's total assets, board and shareholders' approval would be required for the transactions that meets and exceeds the materiality threshold.

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

Compensation of Group's Key Management Personnel
Compensation of the Group's key management personnel consists of short-term employee benefits amounting to ₱33.05 million, ₱40.66 million and ₱39.27 million in 2020, 2019 and 2018, respectively. There are no post-employment benefits in 2020, 2019 and 2018. There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

22. Pension Liabilities

The Group has an unfunded non-contributory defined benefit plan covering all regular employees. Benefits are based on the employee's years of service and final plan salary.

Under the existing regulatory framework, Republic Act 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the unfunded status and amounts recognized in the consolidated statements of financial position and the components of the net benefit expense recognized in the consolidated statements of comprehensive income for the pension plan.

Pension cost recognized in the consolidated statements of comprehensive income (see Note 29):

	2020	2019	2018
Service cost	**₱4,606,281**	₱2,172,108	₱2,275,664
Interest expense on defined benefit obligation	**1,376,134**	997,685	765,847
	₱5,982,415	₱3,169,793	₱3,041,511

Remeasurement gains (losses) on defined benefit obligation to be recognized under OCI in the consolidated statements of comprehensive income:

	2020	2019	2018
Actuarial gains (losses) due to:			
Changes in:			
Financial assumptions	**(₱6,518,254)**	(₱6,585,297)	₱3,486,173
Demographic assumptions	–	(1,037,849)	757,852
Experience adjustments	**4,475,041**	(1,870,833)	(1,351,902)
Other adjustments	–	1,465,543	–
Remeasurement gains (losses) on defined benefit obligation	**(2,043,213)**	(8,028,436)	2,892,123
Income tax effect	**(269,857)**	(408,628)	(528,657)
Remeasurement gains (losses)	**(₱2,313,070)**	(₱8,437,064)	₱2,363,466

Cumulative remeasurement effect recognized in OCI included in the 'retained earnings' under equity attributable to equity holders of the Parent and equity attributable to non-controlling interests:

	2020	2019
Equity attributable to equity holders of the parent		
Balances at beginning of year	**₱1,334,992**	₱7,368,843
Actuarial gain (loss)	**1,685,457**	(5,842,874)
Total	**3,020,449**	1,525,969
Income tax effect	**105,452**	(190,977)
Balances at end of year	**3,125,901**	1,334,992
Equity attributable to non-controlling interests		
Balances at beginning of year	**2,999,541**	5,402,754
Actuarial gain (loss)	**357,756**	(2,185,562)
Total	**3,357,297**	3,217,192
Income tax effect	**164,405**	(217,651)
Balances at end of year	**3,521,702**	2,999,541
Total amounts recognized in OCI	**₱6,647,603**	₱4,334,533

Changes in the present value of the defined benefit obligation are as follows:

	2020	2019
Defined benefit obligation at beginning of year	**₱25,996,477**	₱13,332,705
Service cost	**4,606,281**	2,172,108
Interest expense on defined benefit obligation	**1,376,134**	997,685
Actuarial losses (gains) due to:		
Changes in financial assumptions	**6,518,254**	6,585,297
Experience adjustments	**(4,475,041)**	1,870,833
Changes in demographic assumptions	–	1,037,849
Defined benefit obligation at end of year	**₱34,022,105**	₱25,996,477

The cost of defined benefit pension plans as well as the present value of the pension liabilities is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used to determine pension for the Group are as follows:

	Discount rate		Future salary increase rate	
Entity Name	2020	2019	2020	2019
PHA	**4.16%**	5.54%	**5.00%**	5.00%
PGDI	**4.15%**	5.36%	**10.00%**	10.00%
GLCI	**3.87%**	4.91%	**5.00%**	5.00%

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

		2020		
	Increase	**Effect on the retirement benefit obligation**		
	(Decrease)	**PHA**	**PGDI**	**GLCI**
Discount rate	**+100bps**	**(₱295,373)**	**(₱4,784,890)**	**(₱465,747)**
	-100bps	**375,764**	**6,201,004**	**557,562**
Salary increase	**+100bps**	**368,427**	**5,769,025**	**565,869**
	-100bps	**(295,775)**	**(4,596,783)**	**(481,104)**

		2019		
	Increase	Effect on the retirement benefit obligation		
	(Decrease)	PHA	PGDI	GLCI
Discount rate	+100bps	(₱184,654)	(₱3,185,335)	(₱3,874,476)
	-100bps	234,978	4,105,527	4,912,482
Salary increase	+100bps	233,828	3,870,234	4,929,573
	-100bps	(187,074)	(3,091,196)	(3,852,227)

The Group does not have a formal retirement plan where its retirement obligations could have been funded.

Shown below is the maturity profile of the undiscounted benefit payments:

	2020	2019
Less than one year	**₱1,579,280**	₱2,055,483
More than one year to five years	**543,854**	3,442,520
More than five years to 10 years	**4,639,458**	7,240,536
More than 10 years to 15 years	**4,855,378**	3,703,549
More than 15 years to 20 years	**3,276,211**	4,307,535
More than 20 years	**16,697,333**	10,600,258

23. Equity

Capital Stock

The details of the Parent Company's number of common shares and the movements thereon follow:

	2020		2019		2018	
	Amount	**Number of Shares**	Amount	Number of Shares	Amount	Number of Shares
Authorized ₱0.25 par value per share	**₱563,556,000**	**2,254,224,000**	₱563,556,000	2,254,224,000	₱563,556,000	2,254,224,000
Issued and fully paid						
At beginning of year	**₱497,620,222**	**1,990,480,889**	₱472,715,222	1,815,480,889	₱472,715,222	1,815,480,889
Additional subscription	**65,909,091**	**263,636,364**	–	–	–	–
Collection of subscription receivables	–	–	24,905,000	175,000,000	–	–
At end of year	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889	₱472,715,222	1,815,480,889

(Forward)

	2020		2019		2018	
	Amount	**Number of Shares**	Amount	Number of Shares	Amount	Number of Shares
Subscribed capital stock						
At beginning of year	**₱497,620,222**	**1,990,480,889**	₱497,620,222	1,990,480,889	₱497,620,222	1,990,480,889
Additional subscription	**65,909,091**	**263,636,364**	–	–	–	–
At end of year	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889	₱497,620,222	1,990,480,889
Less: Subscription receivable						
At the beginning of year	**₱–**	**–**	₱24,905,000	175,000,000	₱24,905,000	175,000,000
Collection of subscription receivables	**–**	**–**	(24,905,000)	(175,000,000)	–	–
At end of year	**₱–**	**–**	₱–	–	₱24,905,000	175,000,000
Capital stock	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889	₱472,715,222	1,815,480,889
Treasury stock						
Beginning of year	**₱–**	**–**	₱120,226,315	187,768,793	₱133,663,988	225,268,793
Reissuance	**–**	**–**	(120,226,315)	(187,768,793)	(13,437,673)	(37,500,000)
	₱–	**–**	₱–	–	₱120,226,315	187,768,793

On May 5, 1997, the Parent Company launched its initial public offering where a total of 520.0 million common shares were offered at an offering price of ₱1.00 per share. The registration was approved on May 2, 1997. The Parent Company has 121 and 116 existing shareholders as of December 31, 2020 and 2019, respectively.

Subscription Receivable
Subscription receivable as of December 31, 2018 pertains to the unpaid portion of the 175.0 million shares subscribed at ₱0.30 per share. As of December 31, 2019, subscription receivables have been fully collected.

Treasury Stock
Treasury stock pertains to Parent Company shares held by DSI. As of December 31, 2019, all treasury stock held by DSI has been reissued and sold.

Share Subscription Agreement
On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "Subscription Shares") or up to 55% ownership in PHA. Subscription to these shares will be at ₱0.33 per share for a total consideration of ₱925.00 million, of which ₱300.00 million will be in cash and the balance of ₱625.00 million will be via a combination of cash and/or infusion of Squidpay Technology, Inc. (SPTI) shares over a period of 2 years, with the intent of making SPTI a subsidiary of PHA.

The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock. As of December 31, 2020, ₱87.00 million was received in relation to this subscription.

The remaining 2,539,393,939 shares will be issued from an increase in authorized capital stock of PHA.

Deposit for Future Stock Subscription
On December 17, 2020, the BOD and stockholders approved the increase in PHA's authorized capital stock from ₱563.56 million divided into 2,254,224,000 common shares with par value of ₱0.25 each share, to up to ₱1.50 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share. The Parent Company filed the increase in capital stock with the Philippine SEC in March 2021. The approval for increase in capital stock is still pending from the SEC.

In 2020, the Parent Company received ₱113.00 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under current liabilities as of December 31, 2020.

Additional Paid-in Capital (APIC)
APIC includes paid-in capital in excess of par amounting to ₱98.76 million and ₱78.33 million as of December 31, 2020 and 2019, respectively, and the equity component of the issued convertible loans amounting to ₱18.69 million as of December 31, 2020 and 2019 (see Note 18).

The liability component of the convertible loans is reflected as financial liabilities.

In 2019, APIC from disposal of Parent Company shares held by a subsidiary amounted to ₱30.95 million.

In 2020, the Parent Company received subscription amounting to ₱0.33 per share or ₱87.00 million for 263,636,364 shares out of authorized capital stock, including ₱21.09 million in excess of par value. Stock issuance cost amounting to ₱0.66 million is deducted from APIC.

Retained Earnings (Deficit)
For purposes of dividend declaration, the retained earnings shall be that of the legal parent presented in the separate financial statements. After considering the reconciling items, the Parent Company has no available retained earnings for dividend declaration as of December 31, 2020 and 2019.

The details of the Parent Company's retained earnings (deficit) are as follows:

	2020	2019	2018
Unappropriated retained earnings (Deficit)	**(₱196,167,955)**	(₱56,871,338)	₱91,506,585
Declaration of dividends	–	–	(39,800,000)
Actuarial gain (loss) on defined benefit obligation, net of tax	**(222,806)**	(175,092)	120,147
	(₱196,390,761)	(₱57,046,430)	₱51,826,732

The undistributed earnings from subsidiaries amounting to ₱816.89 million and ₱595.78 million as of December 31, 2020 and 2019, respectively, is not available for dividend distribution until actually declared by the subsidiaries.

Declaration of dividends
On March 20, 2018, the BOD of PHA has approved property dividends consisting of 268.0 million shares of stock of PGDI with the new par value of ₱0.10 per share and a cash dividend of ₱0.001482 per share or a total of ₱2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared. The fair value of property dividends amounted to ₱36.85 million. As at December 31, 2020, the SEC approval on the property and cash dividends is still pending.

On September 13, 2018, the BOD of PGDI approved the declaration of cash dividends amounting to ₱12.0 million, in which ₱2.40 million pertains to dividends declared to third parties. The dividends were later paid on September 17, 2018.

Equity reserves
In December 2013, PHA obtained the BOD's approval to sell its 15% interest or 24.38 million shares in DSI for a consideration of ₱2.25 per share or ₱54.84 million. After the sale, PHA will retain 85% ownership with DSI. The transaction represents a change in ownership interest in a subsidiary that does not result in a loss of control. The Group recognized ₱8.95 million "Equity Reserve" arising from the excess of the consideration received over the proportionate share of non-controlling interest on the net assets value of DSI.

Additional 1.0 million shares were sold to non-controlling interests in January 2015 for a total consideration of ₱2.25 million or ₱2.25 per share, resulting to 15.62% non-controlling interest as of the end of January 2014.

In December 2014, the Parent Company acquired 25.38 million common shares of DSI from various individual investors for a total consideration of ₱92.46 million or ₱3.64 per share. The acquisition of shares represents the remaining 15.62% interest in DSI. As a result of the acquisition, the Parent Company now holds 100% interest in DSI. The Group recognized "Equity Reserve" from the acquisition amounting to ₱43.88 million in 2014 which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

In February 2015, the Parent Company acquired 5.24 million shares equivalent or 13.1% non-controlling interest in PGDI for a total consideration of ₱5.24 million or ₱1.0 per share, increasing its ownership interest to 80.0%. The Group recognized "Equity Reserve" from the acquisition amounting to ₱3.78 million in 2015 which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

On August 28, 2018, the BOD approved the conversion of the Parent Company's and third parties' advances to PGDI amounting to ₱432.5 million to equity, which resulted to an increase in capital stock of ₱341.7 million and additional paid-in capital of ₱90.8 million. The valuation of advances converted to equity was approved by the SEC on November 20, 2018. The conversion resulted in dilution of the Parent Company's ownership interest in PGDI from 80% to 69.2%. The Group recognized "Equity Reserve" from the conversion amounting to ₱14.0 million in 2018, which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains strong credit standing and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its equity as capital. The Group is subject to externally imposed capital requirements. The Group's management, amongst other things, aims to ensure that the Parent Company and its subsidiaries meets any financial covenants attached to its long-term loans that define capital structure requirements (see Note 15).

No changes were made in the Group's capital management objectives, policies or processes during the years ended December 31, 2020 and 2019.

Non-controlling Interest

Non-controlling interest consists of the following:

Name of Subsidiary	Percentage of Ownership 2020	2019	2018	Equity Attributable to Non-Controlling Interest 2020	2019	2018
PGDI	**69.22%**	69.22%	69.22%	**₱200,023,823**	₱206,726,957	₱204,556,467
PHMIC	**68.44%**	68.44%	68.44%	**1,746,140**	1,765,582	1,785,020
PSMVI	**68.22%**	68.22%	68.22%	**1,897,432**	1,917,008	1,936,587
GLCI	**55.00%**	55.00%	55.00%	**116,137,841**	97,137,278	237,766,080
CUBES	**51.00%**	51.00%	51.00%	**25,842,509**	25,920,760	56,730,089
				₱345,647,745	₱333,467,585	₱502,774,243

Net income (loss) attributable to non-controlling interest follows:

Name of Subsidiary	Percentage of Ownership 2020	2019	2018	Net Income (Loss) Attributable to Non-Controlling Interest 2020	2019	2018
PGDI	**69.22%**	69.22%	69.22%	**(₱5,797,360)**	₱4,553,044	₱3,886,079
PHMIC	**68.44%**	68.44%	98.90%	**(19,442)**	(19,438)	(714,980)
PSMVI	**68.22%**	68.22%	98.60%	**(19,576)**	(19,579)	(563,413)
GLCI	**55.00%**	55.00%	55.00%	**18,616,950**	(140,628,802)	(70,902,363)
CUBES	**51.00%**	51.00%	51.00%	**(78,251)**	(30,809,329)	(12,563,780)
				₱12,702,321	(₱166,924,104)	(₱80,858,457)

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Summarized statement of income for 2020:

	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱479,301,585	₱241,736,071	₱–	₱–	₱–
Cost and expenses	(367,517,731)	(251,548,910)	(61,600)	(61,600)	(159,696)
Other income (charges)	(77,257,432)	(8,035,636)	–	–	–
Income (loss) before income tax	34,526,422	(17,848,475)	(61,600)	(61,600)	(159,696)
Provision for (benefit from) income tax	6,844,578	(986,353)	–	–	–
Net income (loss)	₱41,371,000	(₱18,834,828)	(₱61,600)	(₱61,600)	(₱159,696)
Net income (loss) attributable to non-controlling interest	₱18,616,950	(₱5,797,360)	(₱19,442)	(₱19,576)	(₱78,251)

Summarized statement of income for 2019:

	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱79,101,295	₱341,660,557	₱–	₱–	₱–
Cost and expenses	(188,302,041)	(318,368,046)	(61,600)	(61,600)	(62,876,181)
Other income (charges)	(230,868,454)	(1,798,215)	–	–	–
Income (loss) before income tax	(340,069,200)	21,494,296	(61,600)	(61,600)	(62,876,181)
Provision for (benefit from) income tax	27,560,751	(6,702,081)	–	–	–
Net income (loss)	(₱312,508,449)	₱14,792,215	(₱61,600)	(₱61,600)	(₱62,876,181)
Net income (loss) attributable to non-controlling interest	(₱140,628,802)	₱4,553,044	(₱19,438)	(₱19,579)	(₱30,809,329)

Summarized statement of income for 2018:

	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱182,711,039	₱294,933,829	₱–	₱–	₱–
Cost and expenses	(268,713,207)	(268,479,285)	(2,259,750)	(1,766,600)	(4,319,326)
Other income (charges)	(138,041,767)	(2,748,677)	(6,048)	(6,048)	(21,321,042)
Income (loss) before income tax	(224,043,935)	23,705,867	(2,265,798)	(1,772,648)	(25,640,368)
Provision for (benefit from) income tax	66,483,128	(11,080,530)	–	–	–
Net income (loss)	(₱157,560,807)	₱12,625,337	(₱2,265,798)	(₱1,772,648)	(₱25,640,368)
Net income (loss) attributable to non-controlling interest	(₱70,902,363)	₱3,886,079	(₱714,980)	(₱563,413)	(₱12,563,780)

Summarized statement of financial position as of December 31, 2020:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱860,039,579	₱151,183,630	₱4,964	₱–	₱–
Noncurrent assets	68,281,863	621,749,323	–	230,188,197	178,413,302
Current liabilities	(554,923,409)	(108,908,988)	(52,535,676)	(10,118,446)	(7,843,550)
Noncurrent liabilities	(96,970,157)	(28,385,910)	(75,302)	–	–
Equity (Capital deficiency)	₱276,427,876	₱635,638,055	(₱52,606,014)	₱220,069,751	₱170,569,752
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	₱160,290,035	₱435,614,232	(₱78,448,523)	₱218,323,611	₱168,672,320
Non-controlling interest	116,137,841	200,023,823	25,842,509	1,746,140	1,897,432

Summarized statement of financial position as of December 31, 2019:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱1,420,431,390	₱62,287,673	₱4,964	₱–	₱–
Noncurrent assets	137,324,066	702,284,304	–	222,498,650	172,498,650
Current liabilities	(263,026,128)	(69,737,515)	(52,375,981)	(2,367,298)	(1,867,298)
Noncurrent liabilities	(1,060,524,928)	(37,418,843)	(75,302)	–	–
Equity (Capital deficiency)	₱234,204,400	₱657,415,619	(₱52,446,319)	₱220,131,352	₱170,631,352
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	₱137,067,122	₱450,688,662	(₱78,367,079)	₱218,365,770	₱168,714,344
Non-controlling interest	97,137,278	206,726,957	25,920,760	1,765,582	1,917,008

Summarized cash flow information for year ended December 31, 2020:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱283,492,277	₱99,794,404	(₱231,824)	₱–	₱–
Investing	6,826,481	(67,169,498)	–	–	–
Financing	(314,825,443)	(11,484,479)	231,824	–	50,000
Net increase (decrease) in cash	(₱24,506,685)	(₱21,140,427)	₱–	₱–	₱50,000

Summarized cash flow information for year ended December 31, 2019:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱269,537,325	₱101,418,936	(₱84,790)	₱–	₱–
Investing	(8,156,866)	(96,571,993)	–	–	–
Financing	(239,030,573)	(9,280,001)	84,790	–	–
Net increase (decrease) in cash	₱22,349,886	(₱4,433,058)	₱–	₱–	₱–

Parent Company Shares held by a Subsidiary
On August 26, 2014, the BOD approved the buyback of shares of the Parent Company through its subsidiary, DSI. As of December 31, 2019, DSI has disposed all of its previously held shares of the Parent Company.

24. Cost of Services

	2020	2019	2018
Depreciation (Note 10)	**₱83,436,748**	₱97,277,092	₱56,109,556
Personnel cost (Note 29)	**73,579,844**	83,174,170	65,910,698
Repairs and maintenance	**32,822,359**	41,500,673	47,315,624
Professional and legal fees	**6,135,665**	5,333,778	5,248,424
Transportation and travel	**5,122,926**	7,342,103	5,069,803
Taxes and licenses	**4,631,539**	5,835,624	5,060,960
Fuel and oil	**3,410,568**	9,613,569	15,479,496
Utilities	**190,243**	–	196,884
Entertainment, amusement and recreation	**117,806**	–	2,628,961
Others	**1,145,392**	2,028,292	277,458
	₱210,593,090	₱252,105,301	₱203,297,864

25. General and Administrative Expenses

	2020	2019	2018
Personnel cost (Note 29)	**₱48,330,204**	₱39,768,056	₱44,616,109
Professional and legal fees	**44,421,791**	57,395,392	43,436,909
Commissions	**15,161,389**	18,998,256	27,269,112
Entertainment, amusement and recreation	**10,591,872**	9,049,237	2,704,124
Filing and listing fees	**9,955,246**	14,051,791	6,629,262
Depreciation and amortization (Notes 10, 12 and 31)	**9,278,110**	17,807,698	34,080,069
Rentals and utilities (Note 31)	**8,252,143**	8,894,883	6,922,411
Transportation and travel	**6,972,176**	10,244,544	5,063,294
Outside services	**5,431,678**	9,178,447	3,246,138
Taxes and licenses	**4,586,276**	14,840,595	12,216,959
Repairs and maintenance	**4,407,282**	4,136,199	569,899
Freight and handling	**1,782,285**	1,566,224	1,542,075
Supplies and materials	**766,250**	1,192,925	1,614,336
Advertising and promotions	**140,309**	408,276	965,699
Others	**8,687,409**	1,359,100	20,981,640
	₱178,764,420	₱208,891,623	₱211,858,036

Others pertains to penalties, surcharges, bank charges, printing and stationery and other expenses which are not individually significant amounts.

26. Impairment Losses

	2020	2019	2018
Input VAT (Note 7)	**₱5,296,083**	₱66,000	₱4,825,197
Receivables (Note 5)	**5,113,430**	–	29,956,083
Advances to supplier (Note 7)	**1,256,703**	35,867,759	15,064,761
Property and equipment (Note 10)	–	22,595,049	–
Exclusive right to distribute (Notes 11 and 12)	–	–	105,345,829
Goodwill	–	–	2,607,116
Software	–	–	452,527
Security deposits (Note 13)	–	–	154,160
	₱11,666,216	₱58,528,808	₱158,405,673

27. Income Taxes

The provision for income tax shown in the consolidated statements of comprehensive income consists of:

	2020	2019	2018
Current	**₱5,379,120**	₱9,764,236	₱16,636,525
Deferred	**99,111,477**	214,717,825	(71,331,391)
	₱104,490,597	₱224,482,061	(₱54,694,866)

Current income tax pertains to MCIT in 2020. In 2019, current income tax is comprised of MCIT and RCIT amounting to ₱3.06 million and ₱6.70 million, respectively. In 2018, current income tax is comprised of MCIT and RCIT amounting to ₱0.27 million and ₱16.37 million, respectively.

The reconciliation of income tax expense computed at the statutory income tax rate to the provision for (benefit from) income tax follows:

	2020	2019	2018
Income tax expense (benefit) at statutory tax rate	**₱64,359,403**	₱88,703,670	(₱128,748,523)
Tax effects of:			
Movement of deferred taxes	**31,827,812**	134,525,415	31,689,425
Nondeductible expenses	**7,642,066**	3,353,650	4,299,294
Interest expense - accretion (redemption)	**891,766**	(2,067,503)	1,201,419
Income subject to final tax	**(32,722)**	(33,171)	(37,186)
Stock issuance cost	**(197,728)**	–	–
Impairment loss on exclusive right to distribute and goodwill	–	–	36,900,705
Provision for (benefit from) income tax	**₱104,490,597**	₱224,482,061	(₱54,694,866)

Components of the Group's deferred tax assets follow:

	2020	2019
Deferred tax asset recognized in profit or loss:		
Difference in the tax base and accounting base of land and land development	**₱15,014,190**	₱15,014,190
Allowance for impairment losses on receivables	**7,104,481**	7,104,481
Pension liabilities	**5,863,643**	5,671,518
Excess of MCIT over RCIT	**7,229,946**	2,837,179
Provisions for administrative fines	**206,802**	535,800
Lease liability	**259,541**	433,327
	₱35,678,603	₱31,596,495

Components of the Group's deferred tax liabilities follow:

	2020	2019
Deferred tax liabilities recognized in profit or loss:		
Unrealized gain on fair valuation of investment property	**₱355,321,500**	₱244,945,500
Increase in fair value due to purchase price allocation	**79,740,615**	79,740,615
Gross profit on real estate sales	**68,625,444**	75,707,564
Right-of-use asset	**204,158**	405,122
Commission - PFRS 15	**242,291**	141,624
Unrealized gain on foreign exchange	**78,794**	78,794
	504,212,802	401,019,219
Deferred tax liabilities recognized in other comprehensive income:		
Remeasurement actuarial gains on defined benefit obligation	**5,134,989**	4,865,132
	₱509,347,791	₱405,884,351

Net deferred tax liabilities acquired in GLCI amounted to ₱141.00 million in 2015 (see Note 11).

In 2017, PHA and WPP entered into a contract to sell to transfer and convey PHA's investment property with a total area of 499.99 hectares, for a consideration of ₱450.00 million. Prior to the transfer, the investment property's carrying value amounted to ₱399.95 million, which is also the fair value as at December 31, 2016. As a result of the transfer, a deferred tax asset amounting to ₱15.01 million arising from the difference of the investment property's carrying amount and the cost of the transferred land in the books of WPP amounted to ₱50.05 million (see Note 9). Capital gains tax recognized by the Group amounted to ₱26.94 million in 2017, which is outstanding as of December 31, 2020 and 2019.

The Group has deductible temporary differences that are available for offset against future taxable income or income tax payable for which deferred tax assets have not been recognized. These deductible temporary differences are as follows:

	2020	2019
NOLCO	**₱386,774,049**	₱345,473,450
Allowance for impairment losses	**242,479,271**	245,358,667
Pension liabilities	**31,529,647**	21,644,917
Excess of MCIT over RCIT	**1,713,028**	1,109,257

As of December 31, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	₱204,623,263	(₱60,762,425)	₱–	₱143,860,838	2022
2018	83,274,596	–	–	83,274,596	2021
2017	57,575,591	–	(57,575,591)	–	2020
	₱345,473,450	(₱60,762,425)	(₱57,575,591)	₱227,135,434	

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2020	₱159,638,615	₱–	₱–	₱159,638,615	2025

The excess of MCIT over RCIT that can be carried forward and credited against RCIT payable follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2020	₱5,409,119	₱–	₱–	₱5,409,119	2023
2019	3,260,615	–	–	3,260,615	2022
2018	273,240	–	–	273,240	2021
2017	412,581	–	(412,581)	–	2020
	₱9,355,555	₱–	(₱412,581)	₱8,942,974	

NOLCO and MCIT presented in the above tables include the amount of NOLCO and MCIT of GLCI.

28. Interest Expense

	2020	2019	2018
Loans payable (Note 15)	**₱68,769,379**	₱217,164,554	₱135,088,744
Short-term loans (Note 14)	**61,127,580**	60,032,838	19,393,174
Convertible loans (Note 18)	**33,669,773**	32,423,042	31,166,984
Installment payable (Note 17)	**8,760,215**	7,512,759	587,305
Lease liability (Note 31)	**105,713**	128,095	–
Obligation under finance lease (Note 17)	**31,692**	703,603	1,596,819
	₱172,464,352	₱317,964,891	₱187,833,026

29. Personnel Costs

	2020	2019	2018
Cost of services (Note 24):			
Salaries and wages	₱53,040,104	₱64,100,237	₱50,014,875
Pension expense (Note 22)	4,346,048	1,947,881	1,683,380
Other employee benefits	16,193,692	17,126,052	14,212,443
	73,579,844	83,174,170	65,910,698
General and administrative expenses (Note 25):			
Salaries and wages	38,472,344	31,983,863	36,214,891
Pension expense (Note 22)	1,636,367	1,221,912	1,358,131
Other employee benefits	8,221,493	6,562,281	7,043,087
	48,330,204	39,768,056	44,616,109
	₱121,910,048	₱122,942,226	₱110,526,807

30. Basic/Diluted Earnings Per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company divided by the weighted average number of common shares outstanding during the year.

Basic/Diluted earnings per share attributable to equity holders of the Parent Company

	2020	2019	2018
Net income (loss) attributable to equity holders of the Parent Company	₱97,338,426	₱238,120,942	(₱293,608,419)
Weighted average number of outstanding common shares*	2,012,450,586	1,880,980,593	1,735,512,885
Basic earnings (loss) per share	₱0.0484	₱0.1266	(₱0.1692)

**The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions and new subscriptions during the year.*

	2020	2019	2018
No. of shares at the beginning of year	1,990,480,889	1,990,480,889	1,990,480,889
Weighted average number of Parent Company shares issued during the year	21,969,697	–	–
Weighted average number of Parent Company shares held by a subsidiary	–	(109,500,296)	(254,968,004)
Weighted average number of outstanding common shares	2,012,450,586	1,880,980,593	1,735,512,885

Diluted earnings per share attributable to equity holders of the Parent Company

	2019
Net income (loss) attributable to equity holders of the Parent Company	₱238,120,942
Interest expense attributable to convertible loans	32,423,042
	₱270,543,984
Weighted average number of outstanding common shares*	1,880,980,593
Dilutive shares attributable to convertible loans	490,940,355
	2,371,920,948
Diluted earnings per share	₱0.1141

Diluted earnings per share is computed similar to the computation of the basic earnings (loss) per share except that the net income attributable to the equity holders of the parent and the weighted average number of shares outstanding should be adjusted for the effects of all dilutive potential ordinary shares. The effect of the conversion option of the convertible loans is anti-dilutive in 2020, dilutive in 2019 and anti-dilutive in 2018. Thus, the basic and diluted earnings per share are the same both in 2020 and 2018.

31. Leases

The Group has a lease contract for office space used in its operations, which has a lease term of four (4) years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group applies the 'short-term lease' recognition exemption for these leases.

The rollforward analysis of right-of-use asset follows:

	2020	2019
Cost		
At January 1 and December 31	**₱1,968,707**	₱1,968,707
Accumulated Depreciation		
At January 1	**618,301**	–
Depreciation (Note 25)	**669,880**	618,301
At December 31	**1,288,181**	618,301
Net Book Value	**₱680,526**	₱1,350,406

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2020	2019
Expenses relating to short-term leases (Notes 24 and 25)	**₱2,469,674**	₱1,740,809
Depreciation expense of right-of-use assets (Note 25)	**669,880**	618,301
Interest expense on lease liabilities (Note 28)	**105,713**	128,095
	₱3,245,267	₱2,487,205

The rollforward analysis of lease liabilities follows:

	2020	2019
At January 1	**₱1,444,423**	₱1,968,707
Interest expense (Note 28)	**105,713**	128,095
Payments	**(684,999)**	(652,379)
As at December 31	**₱865,137**	₱1,444,423

As of December 31, 2020, the current and noncurrent portion of lease liabilities amounted to ₱0.19 million and ₱0.68 million, respectively. As of December 31, 2019, the current and noncurrent portion of lease liabilities amounted to ₱0.86 million and ₱0.58 million, respectively.

32. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the business activity, with each segment representing strategic unit that offers different services and serves different markets. The Group has three reportable segments as follows:

- Mining segment pertains to the operations of PGDI Group for the hauling services it provides with mining companies and the exploration activities of its mining tenements.
- Real estate segment pertains to the operations of GLCI which develops and sells innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories.
- Service contract segment pertains to the beach operations of TCNBI and to the rental of mining equipment of PGDI.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors operating results for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the consolidated financial statements. Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The financial position of the business segments for the years ended December 31, 2020 and 2019 follow:

	2020					
	Mining	**Real Estate**	**Service Contracts**	**Others**	**Eliminations**	**Total**
ASSETS						
Cash	**₱41,687,837**	**₱26,451,990**	**₱10,000**	**₱56,373,340**	**₱–**	**₱124,523,167**
Contract assets	**–**	**316,493,853**	**–**	**–**	**–**	**316,493,853**
Receivables	**16,874,099**	**11,678,486**	**17,904**	**56,203,389**	**(18,149,765)**	**66,624,113**
Real estate held for sale	**–**	**443,040,590**	**–**	**381,881,476**	**6,812,093**	**831,734,159**
Investment property	**–**	**–**	**–**	**1,666,388,000**	**–**	**1,666,388,000**
Deferred exploration costs	**403,751,500**	**–**	**–**	**–**	**–**	**403,751,500**
Goodwill and intangible assets	**–**	**–**	**–**	**3,649,512**	**15,701,805**	**19,351,317**
Property and equipment	**221,227,686**	**2,336,444**	**144,220**	**7,469,634**	**–**	**231,177,984**
Right of use assets	**–**	**–**	**–**	**680,526**	**–**	**680,526**
Deferred tax assets	**–**	**–**	**–**	**–**	**35,678,603**	**35,678,603**
Other assets	**432,243,182**	**84,801,253**	**–**	**73,344,869**	**(389,996,634)**	**200,392,670**
	₱1,115,784,304	**₱884,802,616**	**₱172,124**	**₱2,245,990,746**	**(₱349,953,898)**	**₱3,896,795,892**

(Forward)

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
LIABILITIES						
Trade and other payables	₱92,051,102	₱230,053,352	₱213,607	₱473,580,222	(₱46,970,890)	₱748,927,393
Contract liabilities	–	7,819,623	–	–	–	7,819,623
Short-term loans	–	–	–	225,962,500	–	225,962,500
Loans payable	–	311,366,820	–	–	112,498,273	423,865,093
Purchase land payable	–	5,677,930	–	461,425,000	(449,000,000)	18,102,930
Obligations under finance lease	–	–	–	528,206	–	528,206
Installment payable	17,055,586	–	–	–	–	17,055,586
Convertible loans	–	–	–	495,006,168	–	495,006,168
Lease liability	–	–	–	865,137	–	865,137
Callable loans	–	–	–	22,000,000	–	22,000,000
Pension liabilities	28,385,910	3,774,118	–	1,862,077	–	34,022,105
Dividend payable	–	–	–	39,800,000	–	39,800,000
Capital gains tax payable	–	–	–	26,940,000	–	26,940,000
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
Deferred tax liabilities	–	53,197,766	–	355,744,997	100,405,028	509,347,791
	₱137,492,598	₱611,889,609	₱213,607	₱2,216,714,307	(₱283,067,589)	₱2,683,242,532

	2019					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱20,497,410	₱50,958,677	₱10,000	₱10,096,342	₱–	₱81,562,429
Contract assets	–	673,428,567	–	–	–	673,428,567
Receivables	14,370,044	94,083,714	12,461	415,326,345	(439,219,564)	84,573,000
Real estate held for sale	–	641,989,891	–	376,755,475	6,812,093	1,025,557,459
Investment property	–	–	–	1,298,468,000	–	1,298,468,000
Deferred exploration costs	390,197,300	–	–	–	–	390,197,300
Goodwill and intangible assets	–	–	–	4,055,014	15,701,804	19,756,818
Property and equipment	294,934,443	4,693,036	722,023	10,362,450	–	310,711,952
Right of use assets	–	–	–	1,350,406	–	1,350,406
Deferred tax assets	–	–	–	–	31,596,495	31,596,495
Other assets	42,570,125	92,601,572	–	16,883,372	–	152,055,069
	₱762,569,322	₱1,557,755,457	₱744,484	₱2,133,297,404	(₱385,109,172)	₱4,069,257,495
LIABILITIES						
Trade and other payables	₱8,922,812	₱210,206,055	₱218,580	₱358,927,187	₱4,382,617	₱582,657,251
Contract liabilities	–	11,910,437	–	–	–	11,910,437
Short-term loans	–	–	–	233,025,000	–	233,025,000
Loans payable	–	992,103,643	–	86,300,000	–	1,078,403,643
Purchase land payable	–	13,335,073	–	485,025,000	(449,000,000)	49,360,073
Obligations under finance lease	–	–	–	2,360,827	–	2,360,827
Installment payable	75,456,621	–	–	–	–	75,456,621
Convertible loans	–	–	–	494,533,615	–	494,533,615
Lease liability	–	–	–	1,444,423	–	1,444,423
Callable loans	–	–	–	22,000,000	–	22,000,000
Pension liabilities	20,363,300	4,351,517	–	1,281,660	–	25,996,477
Dividend payable	–	–	–	39,800,000	–	39,800,000
Capital gains tax payable	–	–	–	26,940,000	–	26,940,000
Deferred tax liabilities	–	64,069,766		574,368	341,240,217	405,884,351
	₱104,742,733	₱1,295,976,491	₱218,580	₱1,752,212,080	(₱103,377,166)	₱3,049,772,718

The following tables regarding business segments present the revenue and profit information for the years ended December 31, 2020, 2019 and 2018.

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱241,736,071	₱479,301,585	₱1,499,950	₱–	₱–	₱722,537,606
Inter-segment	–	–	–	–	–	–
	241,736,071	479,301,585	1,499,950	–	–	₱722,537,606
Cost and Expenses	(251,658,910)	(367,517,731)	(2,324,659)	(69,119,585)		(690,620,885)
Operating Income (Loss)	(9,922,839)	111,783,854	(824,709)	(69,119,585)	–	31,916,721
Interest income	46,372	3,269,764	–	15,967	–	3,332,103
Interest expense	(8,858,752)	(68,769,379)	–	(94,836,221)	–	(172,464,352)
Impairment losses	(5,243,283)	(1,256,703)	–	(5,166,230)	–	(11,666,216)
Other income (expense) - net	6,006,827	(10,501,114)	–	367,907,375	–	363,413,088
Provision for income tax	(986,353)	6,844,578	–	(110,348,822)	–	(104,490,597)
Net Income (Loss)	(₱18,958,028)	₱41,371,000	(₱824,709)	₱88,452,484	₱–	₱110,040,747

	2019					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱340,166,458	₱79,101,295	₱4,388,324	₱–	₱–	₱423,656,077
Inter-segment	–	–	–	20,676,932	(20,676,932)	–
	340,166,458	79,101,295	4,388,324	20,676,932	(20,676,932)	423,656,077
Cost and Expenses	(318,478,046)	(188,302,041)	(3,465,688)	(70,921,755)	20,676,932	(560,490,598)
Operating Income (Loss)	21,688,412	(109,200,746)	922,636	(50,244,823)	–	(136,834,521)
Interest income	57,694	6,215,443	–	16,592	–	6,289,729
Interest expense	(7,512,759)	(217,164,554)	–	(93,287,578)	–	(317,964,891)
Impairment losses	(13,200)	–	–	(58,515,608)	–	(58,528,808)
Other income (expense) - net	5,656,850	(19,919,343)	–	816,979,883	–	802,717,390
Provision for income tax	(6,702,081)	27,560,751	–	(245,340,731)	–	(224,482,061)
Net Income (Loss)	₱13,174,916	(₱312,508,449)	₱922,636	₱369,607,735	₱–	₱71,196,838

	2018					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱294,933,829	₱182,711,039	₱2,513,813	₱45,000	₱–	₱480,203,681
Inter-segment	–	–	–	12,000,000	(12,000,000)	–
	294,933,829	182,711,039	2,513,813	12,045,000	(12,000,000)	480,203,681
Cost and Expenses	(261,911,598)	(268,713,207)	(4,319,326)	(51,338,364)	(1,387,422)	(587,669,917)
Operating Income (Loss)	33,022,231	(86,002,168)	(1,805,513)	(39,293,364)	(13,387,422)	(107,466,236)
Interest income	60,996	4,587,479	–	24,128	–	4,672,603
Interest expense	(2,774,430)	(133,991,355)	(3,600)	(51,063,641)	–	(187,833,026)
Impairment losses	(10,547,189)	(18,322,392)	(21,317,443)	(80,206,779)	(28,011,870)	(158,405,673)
Other income (expense) - net	(94,188)	9,684,500	–	10,280,278	–	19,870,590
Provision for income tax	(11,080,530)	66,483,128	–	(707,732)	–	54,694,866
Net Income (Loss)	₱8,586,890	(₱157,560,808)	(₱23,126,556)	(₱160,967,110)	(₱41,399,292)	(₱374,466,876)

Intersegment revenues are eliminated upon consolidation and reflected in the "eliminations" column.

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue from contracts with customers in 2020, 2019 and 2018 are presented below:

	2020	2019	2018
By type of goods or services			
Real estate			
Residential dwellings	**₱133,096,411**	₱150,632,959	₱213,917,271
Lots	**361,926,700**	9,920,674	7,396,670
Less:			
Cancellation of Lombard Hills	**–**	(46,710,526)	–
Other sales cancellation (lots)	**(15,721,526)**	(34,741,812)	(38,602,902)
Mining			
Service contracts	**240,462,752**	340,166,458	292,377,030
Service income	**2,773,269**	4,388,324	5,115,612
	₱722,537,606	₱423,656,077	₱480,203,681

Timing of Revenue Recognition

During 2020, 2019 and 2018, the Group has recognized total revenue from contracts with customers earned over time amounting to ₱722.54 million, ₱423.66 million and ₱480.20 million, respectively. The Group applied the practical expedient in recognizing revenue in the amount for which it has the right to invoice on its revenue from mining service contracts.

Contract Balances

The following tables summarize the contract balances as of December 31, 2020 and 2019:

	2020	2019
Contract assets		
Current	**₱250,548,433**	₱618,362,122
Noncurrent	**65,945,420**	55,066,445
	₱316,493,853	₱673,428,567
Contract liabilities		
Current	**₱7,819,623**	₱11,910,437

Contracts receivable from real estate sales are collectible in equal monthly principal installments in varying periods of up to 10 years. Interest rates per annum range from 8% to 16%. Titles to the residential units sold are transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

In 2020 and 2019, revenue recognized from the contract liabilities at the beginning of the year amounted to ₱14.23 million and ₱17.05 million, respectively.

Performance Obligations

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either subdivided lots, or condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment based on a certain percentage of the contract price spread over a period at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing of up to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

33. Financial Risk Management Objectives and Policies

The Group's principal financial assets and financial liabilities comprise of loans payable and due to and from related parties. The main purpose of these financial assets and financial liabilities is to finance the Group's operations. The Group has other financial assets and financial liabilities such as trade and other receivables and trade and other payables which arise directly from its operations.

The carrying values of the Group's financial assets and financial liabilities per category are equal to the estimated fair values except for the following financial liabilities:

	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and borrowings/Other financial liabilities:				
Loans payable	**₱351,365,093**	**₱350,670,700**	₱992,103,643	₱943,401,696
Convertible loans	**495,006,168**	**493,385,542**	494,533,615	446,378,123
Loans from shareholders and officers	**64,500,000**	**63,395,760**	78,300,000	75,888,990
Loans from third parties	**8,000,000**	**8,000,000**	8,000,000	8,645,505
Installment payable	**17,055,586**	**17,055,586**	75,456,621	75,911,121
Callable loans	**22,000,000**	**22,273,111**	22,000,000	21,234,939

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

Financial assets
The carrying values of receivables approximate their fair values due to the short-term nature of their related transactions.

Financial liabilities
The carrying amounts of trade and other payables approximate their fair values due to the short-term nature of the transactions.

Fair Value Hierarchy
The Group uses the following hierarchy for determining the fair value of financial assets and financial liabilities:

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

As of December 31, 2020 and 2019, there were no transfers between levels in the fair value hierarchy. The Group has no financial instruments carried at fair value based on levels 2 and 3.

The main risks arising from the Group's financial assets and financial liabilities are liquidity risk, credit risk and market risk. Exposure to these risks arises in the normal course of business activities.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The BOD reviews and approves actions for managing each of these risks which are summarized below:

a. *Liquidity risk*

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The major liquidity risk confronting the Group pertains to the daily calls on its available cash resources in respect of claims arising from trade and other payables and the maturity of loans payable. In this regard, the Group maintains a level of cash deemed sufficient to finance its operations.

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities at December 31, 2020 and 2019 based on contractual undiscounted future payments. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

	2020			
	<120 days	121-360 days	>360 days	Total
Financial liabilities:				
Trade and other payables**	₱439,493,541	₱–	₱–	₱439,493,541
Short-term loans*	206,287,500	52,926,250	–	259,213,750
Loans payable*	276,774,915	47,017,126	47,549,078	371,341,119
Loans from third parties*	–	–	8,640,000	8,640,000
Loans from officers and shareholders*	–	–	70,660,000	70,660,000
Purchased land payable	18,102,930	–	–	18,102,930
Installment payable*	19,809,064	–	–	19,809,064
Obligation under finance lease	528,206	–	–	528,206
Convertible loan*	309,120,128	5,290,646	100,035,393	414,446,167
Lease liability*	355,292	363,957	181,979	901,228
Callable loans*	880,000	15,880,000	7,560,000	24,320,000
Cash dividends payable	2,950,000	–	–	2,950,000
	₱1,274,301,576	₱121,477,979	₱234,626,450	₱1,630,406,005
Financial assets:				
Cash	₱124,523,167	₱–	₱–	₱124,523,167
Receivables				
Contracts receivables	24,735,281	–	–	24,735,281
Trade	12,180,934	–	–	12,180,934
Others	1,087,037	–	–	1,087,037
Other noncurrent assets				
Receivable from PAGCOR	–	–	3,042,702	3,042,702
Security deposits	852,022	–	–	852,022
	₱163,378,441	₱–	₱3,042,702	₱166,421,143

**Includes future interest*

***Excludes statutory and other nonfinancial liabilities amounting to ₱309.43 million*

	2019			
	<120 days	121-360 days	>360 days	Total
Financial liabilities:				
Trade and other payables	₱436,572,494	₱–	₱–	₱436,572,494
Short-term loans*	218,273,916	24,267,416	–	242,541,332
Loans payable*	771,961,954	46,229,857	305,339,394	1,123,531,205
Loans from third parties*	–	–	93,197,583	93,197,583
Loans from officers and shareholders	–	–	84,460,000	84,460,000
Purchase land payable	49,360,073	–	–	49,360,073
Installment payable*	17,579,610	49,581,641	19,809,064	86,970,315
Obligation under finance lease*	3,064,430	–	–	3,064,430
Convertible loan*	123,667,001	23,216,305	325,084,372	471,967,678
Lease liability*	717,023	96,071	1,029,323	1,842,417
Callable loans*	593,185	1,196,148	23,524,000	25,313,333
Cash dividends payable	2,950,000	–	–	2,950,000
	₱1,624,739,686	₱144,587,438	₱852,443,736	₱2,621,770,860
Financial assets:				
Cash	₱81,562,429	₱–	₱–	₱81,562,429
Receivables				
Contracts receivables	35,214,920	–	–	35,214,920
Trade	5,254,712	–	–	5,254,712
Others	950,509	–	–	950,509
Other noncurrent assets				
Receivable from PAGCOR	–	–	3,042,702	3,042,702
Security deposits	–	–	852,022	852,022
	₱122,982,570	₱–	₱3,894,724	₱126,877,294

**Includes future interest*
***Excludes statutory and other nonfinancial liabilities amounting to ₱146.09 million*

b. *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit risks are primarily attributable to cash in banks, receivables, due from related parties and security deposits. The Group's receivables and due from related parties are monitored on an ongoing basis.

With respect to credit risk arising from cash in banks, receivables, due from related parties, and other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The tables below show the credit quality of the Group's financial assets:

	2020					
	Neither past due nor impaired					
	High Grade	Medium Grade	Total	Past due but not impaired	Impaired	Total
Cash in banks	₱123,538,336	₱–	₱123,538,336	₱–	₱–	₱123,538,336
Receivables						
Contract receivables	24,735,281	–	24,735,281	–	1,834,079	26,569,360
Trade	–	8,930,119	8,930,119	3,250,815	1,787,649	13,968,583
Others	1,087,037	–	1,087,037	–	5,847,501	6,934,538
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱149,360,654	₱9,782,141	₱159,142,795	₱6,293,517	₱9,469,229	₱174,905,541

	2019					
	Neither past due nor impaired					
	High Grade	Medium Grade	Total	Past due but not impaired	Impaired	Total
Cash in banks	₱78,831,776	₱–	₱78,831,776	₱–	₱–	₱78,831,776
Receivables						
Contracts receivables	35,214,920	–	35,214,920	–	1,215,350	36,430,270
Trade	2,373,632	2,881,080	5,254,712	–	4,733,046	9,987,758
Others	950,509	–	950,509	–	–	950,509
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱117,370,837	₱3,733,102	₱121,103,939	₱3,042,702	₱5,948,396	₱130,095,037

An aging of the Group's past due or individually impaired receivables as of December 31, 2020 and 2019 is as follows:

	2020				
	Past Due but not Impaired				
	<120 days	**121-360 days**	**>360 days**	**Impaired Financial Assets**	**Total**
Receivables					
Contacts receivable	**₱24,735,281**	**₱–**	**₱–**	**₱1,834,079**	**₱26,569,360**
Trade	**12,180,934**	**–**	**–**	**1,787,649**	**13,968,583**
Others	**1,087,037**	**–**	**–**	**5,847,501**	**6,934,538**
Receivable from PAGCOR	**–**	**–**	**3,042,702**	**–**	**3,042,702**
	₱38,003,252	**₱–**	**₱3,042,702**	**₱9,469,229**	**₱50,515,183**

	2019				
	Past Due but not Impaired				
	<120 days	121-360 days	>360 days	Impaired Financial Assets	Total
Receivables					
Contacts receivable	₱35,214,920	₱–	₱–	₱1,215,350	₱36,430,270
Trade	5,254,712		–	4,733,046	9,987,758
Others	950,509	–	–	–	950,509
Receivable from PAGCOR	–	–	3,042,702	–	3,042,702
	₱41,420,141	₱–	₱3,042,702	₱5,948,396	₱50,411,239

The Group has determined that the credit quality of all neither past nor impaired financial assets as of December 31, 2020 and 2019 are classified as high grade based on the following:

Cash - based on the financial and credit standing of the counterparty.

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment. All receivables are deemed high grade by the Group.

Security deposits - based on the credit standing/reputation of counterparty.

An impairment analysis is performed at each reporting date using the vintage analysis to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, receivables are written-off if the financial asset can no longer be recovered. The expected credit loss amounted to ₱31.32 million and ₱34.26 million as at December 31, 2020 and 2019, respectively.

c. *Market risk*
Market risk is the risk of loss to future earnings, fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, equity prices, foreign currency exchange rates and other market changes.

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments. The Group has interest bearing loans with floating interest rate subject to repricing amounting to ₱230.29 million and ₱329.45 million as of December 31, 2020 and 2019, respectively.

The Group's loans payable to local banks subject to local banks subject to floating rates are exposed to cash flow interest rate risk. The re-pricing of these instruments is done on intervals of three months.

The following table demonstrates the sensitivity of income before income tax at December 31, 2020 and 2019 due to a reasonably possible change in interest rates, with all other variables held constant.

	Increase (Decrease)	Effect on Income before Income tax
2020	**4.03%**	**₱8,877,687**
	-4.03%	**(8,877,687)**
2019	5.12%	₱16,867,776
	-5.12%	(16,867,776)

34. Notes to Consolidated Statements of Cash Flows

The following table summarizes the changes in liabilities arising from financing activities:

	2020					
		Non-cash transactions		Cash transactions		
	January 1, 2020	Sale in exchange of loans	Interest accretion	Proceeds	Payments	December 31, 2020
Convertible loans	₱494,533,615	₱–	₱4,972,553	₱–	(₱4,500,000)	₱495,006,168
Loans payable	992,103,643	(397,482,489)	–	–	(243,256,061)	351,365,093
Short-term loans	233,025,000	–	–	–	(7,062,500)	225,962,500
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
Callable loans	22,000,000	–	–	–	–	22,000,000
Lease liability	1,444,423	–	105,713	–	(684,999)	865,137
Obligations under finance lease	2,360,827	–	–	–	(1,832,621)	528,206
	₱1,745,467,508	(₱397,482,489)	₱5,078,266	₱113,000,000	(₱257,336,181)	₱1,208,727,104

	2019					
		Non-cash transactions		Cash transactions		
	January 1, 2019	Adoption of PFRS 16	Interest accretion	Availments	Payments	December 31, 2019
Convertible loans	₱515,425,292	₱–	(₱6,891,677)	₱–	(₱14,000,000)	₱494,533,615
Loans payable	1,041,263,317	–	–	–	(49,159,674)	992,103,643
Short-term loans	217,720,000	–	–	31,500,000	(16,195,000)	233,025,000
Callable loans	15,000,000	–	–	7,000,000	–	22,000,000
Lease liability	–	1,968,707	128,095	–	(652,379)	1,444,423
Obligations under finance lease	7,822,404	–	–	–	(5,461,577)	2,360,827
	₱1,797,231,013	₱1,968,707	(₱6,763,582)	₱38,500,000	(₱85,468,630)	₱1,745,467,508

	2018				
		Non-cash transaction	Cash transactions		
	January 1, 2018	Interest accretion	Availments	Payments	December 31, 2018
Convertible loans	₱572,920,562	₱4,004,730	₱–	(₱61,500,000)	₱515,425,292
Loans payable	974,456,791	–	356,423,676	(289,617,150)	1,041,263,317
Short-term loans	182,925,000	–	92,320,000	(57,525,000)	217,720,000
Callable loans	–	–	15,000,000	–	15,000,000
Obligations under finance lease	34,746,203	–	930,450	(27,854,249)	7,822,404
	₱1,765,048,556	₱4,004,730	₱482,030,626	(₱440,298,063)	₱1,797,231,013

35. Agreements

Service Contracts

Cagdianao Mining Corporation (CMC)

In December 2014, the Group entered into a Saprolite Mining Contract with CMC for the hauling and extraction of mineral ores in Municipality of Cagdianao, Province of Dinagat Islands. The Contract shall be for a period of three years, from January 1, 2015 to December 31, 2017, which may be extended by written mutual agreement of the parties.

If the Group fails to deliver the required tonnage, CMC shall impose a penalty upon the Group computed based on the required WMT multiplied by $0.50 per WMT of materials not delivered.

In April 2018, the Group renewed its agreement with CMC effective April 1, 2018 to October 31, 2018. Under the scope of work indicated in the contract, the Group shall perform mining services which include loading and hauling, road and bench maintenance and barge loading services.

In May 2019, the Group has secured a 3-year contract with CMC covering the periods of 2019 until 2021, with the Group rendering services to CMC starting March 1 until October 31 of each year. The Group shall render mining services that include loading and hauling, road and bench maintenance, barge loading services and rental of heavy equipment.

BenguetCorp Nickel Mines, Inc. (BNMI)

In April 2015, the Group entered into a Mining Services Agreement with Arrow Freight Corporation (AFC) for the extraction of nickel ore and other mineral products from BNMI mine pit to designated dumping, stockyards and stockpile areas and the provision of other necessary equipment including manpower and consumables such as fuel and oil, as maybe specified by AFC from time to time in accordance with the need of the project. The agreement shall be valid for a period of three (3) years starting April 1, 2015 and ending December 31, 2017, which may be renewed upon mutual consents of the parties.

As of December 31, 2018, the Group has not renewed its mining services contract with BNMI due to BNMI's suspension of operations.

Mining related services recognized by the Group amounted to nil, ₱341.17 million and ₱294.93 million, in 2020, 2019 and 2018, respectively. This includes equipment rental amounting to nil, ₱2.89 million and ₱2.56 million in 2020, 2019 and 2018, respectively.

Joint Operation
In 2008, GLCI has entered into a Joint Venture Agreement (JVA) with certain landowners, for the development of certain lots. Pursuant to the JVA, the landowners shall contribute the title and their interest to the lots and the Group, in turn, shall provide the necessary cash and expertise to undertake and complete the implementation of the residential project development as development manager and as exclusive marketing agent of the project. The Group shall pay the landowners their share in net proceeds after deducting a marketing fee equivalent to 15.0% of the selling price.

Details of the sharing agreement follow:

Project	Area (in sq.m.)	Location	Landowner's Share in Net Proceeds
Summerfields Subdivision	47,360	La Trinidad, Benguet	15.00%
North Cambridge Subdivision	10,892	Baguio City	10.00%
Courtyards Condominium	18,517	Lucban, Baguio City	12.00%

On December 20, 2018, the landowners and the Group entered into a Memorandum of Agreement (MOA) to revise the terms of the profit-sharing arrangement in the MOA dated June 4, 2015. In this regard, the landowners and the Group agreed to cancel the sharing effective immediately subject to any further terms the parties may agree upon.

Letter Agreement
On December 24, 2019, PGDI entered into an agreement, which was further amended on January 22, 2020, with another entity that intends to put up or establish a cement plant with power plant, port and limestone quarry in Palawan.

As of December 31, 2020, the Group is currently under negotiation to finalize the sale of PHMIC and PSMVI, in relation to this Letter Agreement.

36. Registration with Board of Investments

CUBES
CUBES is registered with the BOI as a new operator of Thermo Chilling System under the heading Energy Efficiency Projects of the 2014 IPP on a Non-Pioneer Status under the provision of Executive Order (EO) No. 226, otherwise known as the *Omnibus Investments Code of 1987.*

Under CUBES' registration, it is entitled to certain tax and nontax incentives which include, among others, ITH for four (4) years from November 2015 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration.

The ITH incentives shall be limited only to the revenues generated from the new activity.

Under the terms of CUBES' registration, it is subject to certain requirements, principally that of following a specified sales volume and sales revenue schedule and securing prior permission from the BOI before performing certain acts.

Under CUBES' application with the BOI, it can avail of a bonus year in each of the following cases but the aggregate ITH availment (basic and bonus years) shall not exceed eight (8) years:

a. The ratio of the total imported and domestic capital equipment to the number of workers for the project does not exceed US$10,000 to one (1) worker;

b. The net foreign exchange savings or earnings amount to at least US$500,000 annually during the first three (3) years of operation; and

c. The indigenous raw materials used in the manufacture of the registered product must at least be fifty (50%) of the total cost of raw materials for the preceding years prior to the extension unless the BOI prescribes a higher percentage.

In May 2017, due to operational issues, CUBES' operations was discontinued and was put on hold. As of December 31, 2020, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

37. Subsequent Events

COVID-19 Pandemic

On March 27, 2021, the Presidential Spokesperson has announced that Enhanced Community Quarantine will be implemented in the NCR+ "bubble" covering the NCR, Bulacan, Rizal, Cavite and Laguna starting March 29, 2021 until April 4, 2021 and subsequently extended until May 14, 2021 as approved by the President. Thereafter, NCR+ is placed under General Community Quarantine with heightened restrictions effective from May 15 to May 31, 2021.

Considering the evolving nature of the pandemic, the Group will continue to monitor the situation and adopt appropriate risk management procedures and business continuity strategies in order to mitigate the adverse impact of the pandemic.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%;

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and

- Improperly accumulated earnings tax of 10% will be repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, entities within the Group would have been subjected to lower regular corporate income tax rate of either 25% or 20% RCIT and/or 1% MCIT effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 amounting to ₱1.34 million which will be reflected in the 2020 annual income tax return but will only be recognized for financial reporting purposes in the 2021 financial statements.

- This will result in lower deferred tax assets and liabilities as of December 31, 2020 for the year then ended by ₱5.84 million and ₱84.90 million, respectively. These reductions will be recognized in the 2021 financial statements.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Premiere Horizon Alliance Corporation
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and its Subsidiaries (the Group) as at and for the years ended December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated May 27, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of the Group. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
Tax Identification No. 245-571-753
BIR Accreditation No. 08-001998-110-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534373, January 4, 2021, Makati City

May 27, 2021

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Premiere Horizon Alliance Corporation
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 27, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) 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 financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
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BIR Accreditation No. 08-001998-110-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534373, January 4, 2021, Makati City

May 27, 2021

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

Supplementary Schedules to the Financial Statements Required Under Securities Regulation Code Rule 68, As Amended (2018)
For the year ended December 31, 2020

and

Independent Auditors' Report

Philippine Peso

SEC Number 147584
File Number

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

(Company's Full Name)

Metro Manila, Philippines

(Company's Address)

(02) 632 - 7714

(Telephone Number)

December 31

(Year Ending)
(month & day)

Supplementary Schedules to the Financial Statements

Form Type

Amendment Designation (If applicable)

December 31, 2020

Period Ended Date

(Secondary License Type and File Number)

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Supplementary Schedules Required
By the Securities and Exchange Commission
As of and for the Year Ended December 31, 2020

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NA: NOT APPLICABLE

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule A - Financial Assets
December 31, 2020

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/ Notes	Valued Based on Market Quotations at Balance Sheet Date	Income Received and Accrued (including Dividends Received)
Loans and receivables				
Cash	₱–	₱124,523,167	₱–	₱–
Receivables	–			
Contract receivables	–	24,735,281	–	–
Contract assets		294,646,332		
Trade	–	12,180,934		
Others	–	1,087,037	–	–
Other noncurrent assets				
Receivable from PAGCOR	–	3,042,702	–	–
Security deposits	–	852,022	–	–
	₱–	**₱461,067,475**	**₱–**	**₱–**

See Note 7 and 13 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule B - Amounts Receivables from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2020

Name of Debtor	Beginning Balance	Additions	Collections	Ending Balance		
				Current	Non-Current	Total
Advances to officers and employees	₱71,466,610	₱–	(₱20,998,228)	₱50,468,382	₱–	₱50,468,382

See Note 5 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
December 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Balance at End of Period		
					Current	Non-Current	Total
Premiere Horizon Alliance Corporation	₱179,450,187	₱128,939,904	₱–	–	₱308,390,091	–	₱308,390,091
Goshen Land Capital Inc.	15,398,310	–	(15,398,310)	–	–	–	–
Premiere Georesources and Development Inc. (PGDI)	3,114,200	–	(3,114,200)	–	–	–	–
West Palawan Premiere Development Corp. (WPP)	21,823,078	33,851,484	–	–	55,674,560	–	55,674,560
Treasure Cove Nagtabon Inc. (TCNBI)	3,227,593	266,381	–	–	3,493,974	–	3,493,974
Concepts Unplugged Business Environment Solutions Inc. (CUBES)	709,413	231,824	–	–	941,237	–	941,237
PH Big Bounty Entertainment Inc. (PHBBEI)	85,647	118,048	–	–	203,695		203,695
PH Agriforest Corporation (PAC)	929,754	411,336	–	–	1,341,090	–	1,341,090
PH Business Services Inc. (PHBSI)	833,077	350,603	–	–	1,183,680	–	1,183,680
PH Mining and Development Corporation (PHMDC)	14,339,023	71,986	–	–	14,411,009	–	14,411,009
Digiwave Solutions Inc.	500	7,062,362	–	–	7,062,862	–	7,062,862
Palawan Star Mining and Ventures Inc.	–	5,864,652	–	–	5,864,652	–	5,864,652

(forward)

Pyramid Hill Mining and Development Inc.	–	7,689,548	–	–	7,689,548	–	7,689,548
	₱233,910,772	₱184,858,118	₱ 18,512,510	–	₱ 406,256,398	–	₱406,256,398

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule D - Intangible Assets - Other Assets
December 31, 2020

Description	Beginning Balance	Additions at Cost	Deductions / Amortizations		Other Charges– Additions (Deductions)	Ending Balance
			Charged to cost and Expenses	Charged to Other Accounts		
Film rights	₱4,055,014	–	405,501	–	–	₱3,649,513
Goodwill (including provisional goodwill)	15,701,804	–	–	–	–	15,701,804
Intangible assets	₱19,756,818	–	₱405,501	₱–	₱–	₱19,351,817

See Note 12 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule E - Long-Term Debt
December 31, 2020

Name of Issuer and Type of Obligation	Amount Authorized By Indenture	Amount Shown as Current	Amount Shown as Long-term	Total
Loans Payable				
BPI Family Savings Bank	₱3,725,608	₱3,206,714	₱518,894	₱3,725,608
Security Bank Savings	34,901,190	13,733,658	21,167,532	34,901,190
Other Financing Institutions	100,087,314	81,775,467	18,311,847	100,087,314
Loans and Advances				
Andres Del Rosario	25,400,000		25,400,000	25,400,000
Augusto Antonio Serafica	17,600,000		17,600,000	17,600,000
Manolo Tuason	8,000,000	7,500,000	500,000	8,000,000
Meletina G. Aquino	6,000,000		6,000,000	6,000,000
Raul Ma. F. Anonas	14,675,000	4,675,000	10,000,000	14,675,000
Katryn Yu Cheng Se	8,000,000		8,000,000	8,000,000
Callable Loans-KSK SMP Corp	22,000,000	15,000,000	7,000,000	22,000,000
Convertible Loans				
Philippine Business Bank, Inc. - and Investment Center	55,000,000		54,635,393	54,635,393
Augusto Antonio Serafica Jr.	40,000,000		40,000,000	40,000,000
	₱1,635,451,023	₱779,639,508	₱901,607,487	₱1,635,451,023

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2020

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

NONE TO REPORT

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule G - Guarantees of Securities and Other Issuers
December 31, 2020

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee

NONE TO REPORT

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule H - Capital Stock
December 31, 2020

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding (Net of Treasury Shares)	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held by Affiliates	Directors, Officers and Employees	Others
Common stock- ₱0.25 par value						
Authorized	2,254,224,000	–	–	–	–	–
Issued		2,254,117,253	–	–	–	–
Subscribed	–	–	–	–	–	–
Treasury	–	–	–	–	–	–
Shares reserved for conversion	–	–	–	–	–	–

See Note 23 of the Consolidated Financial Statements.

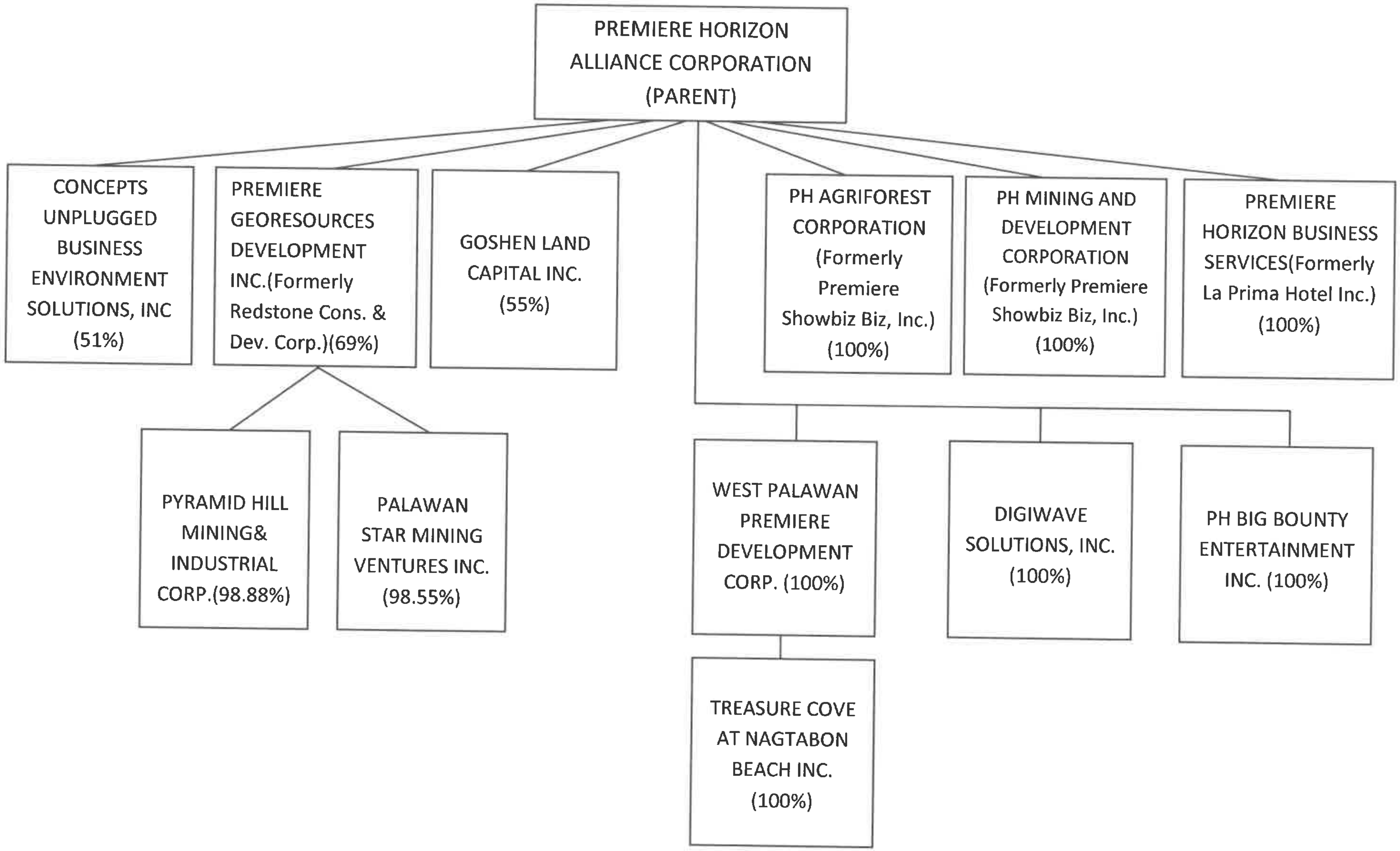
PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Supplemental Schedule of Retained Earnings Available for Dividend Declaration
December 31, 2020

Unappropriated Retained Earnings	**(₱641,032,450)**
Add: Net Income during the period to RE	110,040,747
Less: Unrealized gain on revaluation on land, net of deferred tax asset	(257,544,000)
Net loss actually incurred during the period	(147,503,253)
Unappropriated Retained Earnings, as adjusted	**(₱788,535,703)**

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
KEY FINANCIAL INDICATORS

	AUDITED, DECEMBER 31		
	2020	**2019**	**CHANGE**
1. Current Ratio or Working Capital Ratio			
Total Current Assets / Total Current Liabilities	1,460,012,760 / 1,925,553,482	1,994,358,861 / 1,884,933,871	
	0.76	**1.03**	**(0.27)**
2. Solvency Ratio			
Total Assets / Total Liabilities	3,896,795,892 / 2,683,242,532	4,069,257,495 / 3,049,772,718	
	1.45	**1.33**	**0.12**
3. Debt to Equity Ratio			
Total Liabilities / Stockholder's Equity	2,683,242,532 / 1,213,553,360	3,049,772,718 / 1,019,484,777	
	2.21	**2.99**	**(0.78)**
4. Debt Ratio			
Total Liabilities / Total Assets	2,683,242,532 / 3,896,795,892	3,049,772,718 / 4,069,772,718	
	0.69	**0.75**	**(0.06)**
5. Return on Assets			
Net Income / Total Assets	110,040,747 / 3,896,795,892	71,196,838 / 4,069,257,495	
	0.03	**0.02**	**0.01**
6. Asset to Equity Ratio			
Total Assets / Stockholder's Equity	3,896,795,892 / 1,213,553,360	4,069,257,495 / 1,019,484,777	
	3.21	**3.99**	**(0.78)**
7. Times Interest Earned			
Earnings before interest and taxes / Interest	386,995,696 / 172,464,352	613,643,790 / 317,964,891	
	2.24	**1.93**	**0.31**

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Map of the relationship of the companies within the group
For the year ended December 31, 2020



COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 4 7 5 8 4

COMPANY NAME

PREMIERE HORIZON ALLIANCE CORPORATION

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

Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	(02) 8632-7714	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
121	May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Manolo B. Tuason	Manolo_tuason@yahoo.com	8706-2882	N/A

CONTACT PERSON's ADDRESS

Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

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

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

Premiere Horizon
Invigorating the Countryside

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Premiere Horizon Alliance Corporation (the Parent)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2020 and 2019 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 to cease operations, or has no realistic alternative to do so.

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

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

SyCipGorresVelayo& Co. (SGV), the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AUGUSTO M. COSIO JR.
Chairman of the Board

AUGUSTO ANTONIO C. SERAFICA JR.
President& CEO

MANOLO B. TUASON
Chief Financial Officer

SUBSCRIBED AND SWORN ...
AT PASIG CITY MAY 28 2021
ABOVE ...
DOC. NO. 482
PAGE NO. 98
BOOK NO. LLLVIX
SERIES OF 2021

EDWIN G. CONDAYA
NOTARY PUBLIC
PASIG, PATEROS & SAN JUAN
EXTENDED UP TO JUNE 30, 2021
PTR NO. 7187100/1-2-21
ISP NO. 0560331/APP. NO. 54 2019-2020
ROLL NO. 26035
MCLE VI-0004038
... FLOOR, ARMAL BLDG, ...
... AVE., MALINAO, PASIG CITY

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Premiere Horizon Alliance Corporation
Unit E-1705, 17F, East Tower,
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Premiere Horizon Alliance Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and the parent company statements of comprehensive loss, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the parent company financial statements, which indicate that as of December 31, 2020 and 2019, the Parent Company had a liquidity gap on currently maturing liabilities amounting to ₱1.08 billion and ₱864.05 million, respectively . In addition, the Parent Company's current liabilities exceeded its current assets by ₱1.26 billion and ₱857.42 million as of December 31, 2020 and 2019, respectively. The Parent Company also incurred a net loss of ₱139.12 million and ₱108.70 million for the years ended December 31, 2020 and 2019, respectively, resulting in a deficit of ₱196.23 million and ₱57.11 million as of December 31, 2020 and 2019, respectively. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 23 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Premiere Horizon Alliance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
Tax Identification No. 245-571-753
BIR Accreditation No. 08-001998-110-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534373, January 4, 2021, Makati City

May 27, 2021

PREMIERE HORIZON ALLIANCE CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	Year ended December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Note 4)	**₱55,659,195**	₱8,208,957
Receivables - current portion (Notes 5 and 15)	**46,195,563**	12,345,340
Notes receivables (Note 15)	**35,558,000**	35,558,000
Dividends receivable (Note 15)	**5,450,000**	5,450,000
Due from related parties (Note 15)	**24,121,802**	20,833,953
Other current assets (Note 6)	**68,832,911**	11,637,135
Total Current Assets	**235,817,471**	94,033,385
Noncurrent Assets		
Receivables - net of current portion (Notes 5 and 15)	**405,000,000**	449,000,000
Property and equipment (Note 7)	**6,984,062**	9,568,754
Film rights (Note 8)	**3,649,512**	4,055,014
Investments in subsidiaries (Note 9)	**1,451,743,810**	1,322,743,810
Other noncurrent assets (Note 6)	**72,877**	1,113,411
Total Noncurrent Assets	**1,867,450,261**	1,786,480,989
TOTAL ASSETS	**₱2,103,267,732**	₱1,880,514,374
LIABILITIES AND EQUITY		
Current Liabilities		
Convertible loans - current portion (Note 10)	**₱300,370,775**	₱31,319,780
Short-term loans (Note 11)	**225,962,500**	233,025,000
Accounts and other payables (Note 12)	**212,795,029**	183,920,820
Due to related parties (Note 15)	**576,207,846**	434,087,633
Obligation under finance lease - current (Note 13)	**528,206**	2,360,827
Dividend payable (Note 21)	**39,800,000**	39,800,000
Capital gains tax (Note 15)	**26,940,000**	26,940,000
Deposit for future subscription (Note 18)	**113,000,000**	–
Total Current Liabilities	**1,495,604,356**	951,454,060
Noncurrent Liabilities		
Convertible loans - net of current portion (Note 10)	**94,635,393**	363,213,835
Loans from officers and shareholders (Notes 11 and 15)	**64,500,000**	64,800,000
Loan from a third party (Note 11)	**8,000,000**	8,000,000
Pension obligation (Note 14)	**1,862,077**	1,281,660
Deferred tax liabilities (Note 16)	**603,016**	698,504
Total Noncurrent Liabilities	**169,600,486**	437,993,999
Total Liabilities	**1,665,204,842**	1,389,448,059
Equity (Note 18)		
Capital stock	**563,529,313**	497,620,222
Additional paid-in capital	**70,924,338**	50,492,523
Deficit	**(196,230,090)**	(57,108,565)
Remeasurement gain(loss) on pension obligation (Note 14)	**(160,671)**	62,135
Total Equity	**438,062,890**	491,066,315
TOTAL LIABILITIES AND EQUITY	**₱2,103,267,732**	₱1,880,514,374

See accompanying Notes to Parent Company Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended December 31	
	2020	2019
INCOME (Note 15)		
Service and management fees	–	₱20,676,932
EXPENSES		
Professional and legal fees	**27,147,198**	27,506,795
Provision for impairment losses (Note 5)	**5,113,430**	–
Personnel cost (Note 14)	**6,470,673**	3,347,492
Depreciation and amortization (Notes 7 and 8)	**3,140,184**	6,430,086
Entertainment, amusement and representation	**2,613,783**	276,038
Transportation and travel	**2,395,273**	2,292,888
Communication	**1,247,820**	447,687
Meal allowance	**1,070,557**	879,606
Rent	**858,380**	792,080
Utilities	**825,335**	1,195,133
Taxes and licenses	**735,278**	633,343
Insurance	**233,334**	8,913
Repairs and maintenance	**216,927**	78,094
Training and seminar	**150,000**	216,495
Office supplies	**118,110**	174,188
Bank service charge	**48,166**	30,874
Advertising	**29,700**	–
Others	**2,561,636**	2,292,400
	54,975,784	46,602,112
OTHER INCOME (CHARGES)		
Interest income (Note 4)	**14,014**	11,203
Interest expense (Notes 10, 11 and 20)	**(84,147,130)**	(82,855,540)
Other income (loss)	**(12,625)**	494,883
	(84,145,741)	(82,349,454)
LOSS BEFORE INCOME TAX	**(139,121,525)**	(108,274,634)
PROVISION FOR INCOME TAX (Note 16)	–	423,436
NET LOSS	**(139,121,525)**	(108,698,070)
OTHER COMPREHENSIVE LOSS		
Item not to be reclassified to income or loss in subsequent periods:		
Remeasurement loss on defined benefit obligation, net of tax (Note 14)	**(222,806)**	(175,092)
TOTAL COMPREHENSIVE LOSS	**(₱139,344,331)**	(₱108,873,162)

See accompanying Notes to Parent Company Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Additional Paid-in Capital on Conversion Option (Notes 10 and 18)	Total Additional Paid -in Capital	Retained Earnings (Deficit) (Note 18)	Remeasurement Gain (Loss) on Pension Obligation (Note 14)	Total
Balances at January 1, 2020	**₱497,620,222**	**₱31,802,429**	**₱18,690,094**	**₱50,492,523**	**(₱57,108,565)**	**₱62,135**	**₱491,066,315**
Net loss for the year	–	–	–	–	**(139,121,525)**	–	**(139,121,525)**
Remeasurement loss on pension obligation	–	–	–	–	–	**(222,806)**	**(222,806)**
Total comprehensive loss	–	–	–	–	**(139,121,525)**	**(222,806)**	**(139,344,331)**
Issuance of shares	**65,909,091**	**21,090,909**	–	**21,090,909**	–	–	**87,000,000**
Stock issuance cost		**(659,094)**	–	**(659,094)**	–	–	**(659,094)**
Balances at December 31, 2020	**₱563,529,313**	**₱52,234,244**	**₱18,690,094**	**₱70,924,338**	**(₱196,230,090)**	**(₱160,671)**	**₱438,062,890**
Balances at January 1, 2019	₱472,715,222	₱31,802,429	₱18,690,094	₱50,492,523	₱51,895,505	₱237,227	₱575,034,477
Net loss for the year	–	–	–	–	(108,698,070)	–	(108,698,070)
Remeasurement loss on pension obligation	–	–	–	–	–	(175,092)	(175,092)
Total comprehensive loss	–	–	–	–	–	(175,092)	(108,873,162)
Collection of subscription receivable	24,905,000	–	–	–	–	–	24,905,000
Balances at December 31, 2019	₱497,620,222	₱31,802,429	₱18,690,094	₱50,492,523	(₱57,108,565)	₱62,135	₱491,066,315

See accompanying Notes to Parent Company Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱139,121,525)**	(₱108,274,634)
Adjustments for:		
Interest expense	**84,147,130**	82,855,540
Depreciation and amortization (Notes 7 and 8)	**3,140,184**	6,430,086
Pension expense (Note 14)	**262,123**	218,003
Interest income (Note 4)	**(14,014)**	(11,203)
Provision for impairment losses (Note 5)	**5,113,430**	–
Operating loss before working capital changes	**(46,472,672)**	(18,782,208)
Decrease (increase) in:		
Receivables	**5,036,347**	507,389
Other current assets	**(57,195,776)**	(2,218,156)
Increase (decrease) in accounts and other payables	**28,874,209**	(125,563,913)
Cash flows used in operations	**(69,757,892)**	(146,056,888)
Interest received	**14,014**	11,203
Net cash flows used in operating activities	**(69,743,878)**	(146,045,685)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 7)	**(149,990)**	–
Decrease in:		
Due from related parties	**152,332,364**	172,063,553
Other noncurrent assets	**1,040,534**	249,973
Additional investments in subsidiaries (Note 9)	**(129,000,000)**	–
Net cash flows generated from (used in) investing activities	**24,222,908**	172,313,526
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Deposit for future subscription (Notes 18 and 19)	**113,000,000**	–
Issuance of shares (Note 18)	**86,340,906**	–
Availment of short-term loans (Notes 11 and 19)	–	31,500,000
Collection of subscription receivable (Note 18)	–	24,905,000
Payments of:		
Interest	**(79,174,577)**	(65,642,029)
Short-term loans (Notes 11 and 19)	**(7,062,500)**	(2,000,000)
Obligations under finance lease (Notes 13 and 19)	**(1,832,621)**	(3,225,687)
Convertible loans (Notes 10 and 19)	**(4,500,000)**	(14,000,000)
Loans to officers and shareholders (Note 19)	**(300,000)**	–
Decrease in due to related parties (Note 19)	**(13,500,000)**	(1,000,000)
Net cash flows generated from (used in) financing activities	**92,971,208**	(29,462,716)
NET INCREASE (DECREASE) IN CASH	**47,450,238**	(3,194,875)
CASH AT BEGINNING OF YEAR	**8,208,957**	11,403,832
CASH AT END OF YEAR (Note 4)	**₱55,659,195**	₱8,208,957

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information and Authorization for the Issuance of the Financial Statements

Premiere Horizon Alliance Corporation (the Parent Company), was registered in the Philippine Securities and Exchange Commission (SEC) on January 13, 1988 and listed in the Philippine Stock Exchange (PSE) on May 5, 1997. The Parent Company's primary purpose is to engage in business activities relating to entertainment, gaming, hotel and leisure. In 2011, the SEC approved the change in the Parent Company's secondary purpose and authorized the Parent Company to expand to mining and real estate industries.

On April 7, 2016 and May 26, 2016, the Board of Directors (BOD) and Stockholders, respectively, approved the amendments to the Articles of Incorporation of the Parent Company to change its primary purpose to that of an investment holding company, and to relegate the primary purpose to the secondary purposes and the renumbering thereof. The amendments to the Articles of Incorporation were approved by the SEC on August 10, 2016.

The Parent Company's registered and principal place of business is at Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

In 2018, the Parent Company entered into a Memorandum of Agreement (MOA) with the shareholders of Pyramid Hill Mining & Industrial Corp. (PHMIC) and Palawan Star Mining Ventures, Inc. (PSMVI) which gives the Parent Company the sole and exclusive right to acquire shares of up to 100% of the total issued and outstanding common shares of PHMIC and PSMVI. The Parent Company subsequently assigned its right to Premiere Georesources and Development Inc. (PGDI), a majority-owned subsidiary. On August 28, 2018, the BOD approved the conversion of its advances to PGDI to equity shares allowing PGDI to own up to 100% of PHMIC and PSMVI. As of December 31, 2018, PGDI has acquired 98.88% of PHMIC and 98.55% of PSMVI through conversion of its advances to equity amounting to ₱220.00 million and ₱170.00 million, respectively. The valuation of advances converted to equity was approved by the SEC on November 20, 2018.

On March 20, 2018, the BOD has approved property dividend consisting of 268.00 million shares of stock with the new par value of ₱0.10 per share of PGDI and a cash dividend of ₱0.001482 per share or a total of ₱2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared. The fair value of property dividends amounted to ₱36.85 million. As at December 31, 2020, the SEC approval on the property and cash dividends is still pending.

In connection with the planned listing by way of introduction of PGDI and the attendant SEC guidelines requiring a minimum public ownership of 20% for companies applying for listing, the Parent Company has completed the private placement of 523.00 million PGDI shares owned by the Parent Company, representing 9.6% of PGDI's 5,454.00 million outstanding shares. As at December 31, 2020, the transaction closing documents are still being completed.

Status of Operations and Management Plans

The financial position and financial performance of the Parent Company are impacted by the effect of the COVID-19 pandemic. The Parent Company reported liquidity gap on currently maturing liabilities amounting to ₱1.08 billion and ₱864.05 million as of December 31, 2020 and 2019, respectively. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. In addition, the Parent Company's current liabilities exceeded its current assets by ₱1.26 billion and ₱857.42 million as of December 31, 2020 and 2019, respectively. The Parent Company also incurred a net loss of ₱139.12 million and ₱108.70 million for the years ended December 31, 2020 and 2019, respectively, resulting in a deficit of ₱196.23 million and ₱57.11 million as of December 31, 2020 and 2019, respectively.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as a going concern and, therefore, the Parent Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

Management is currently undertaking a combination of initiatives to address the abovementioned going concern issue to wit:

a. Actively seek out partnerships and new investors as a way of generating funds;
b. Negotiate principal payment extensions and deferrals;
c. Secure all loans with the assets of the Parent Company;
d. Reduction and efficient management of operating expenses; and
e. Obtain financial support from shareholders and/or officers for funding of operations.

Authorization for the Issuance of the Financial Statements
The parent company financial statements as of December 31, 2020 and 2019 were approved and authorized for issuance by the BOD on May 27, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation
The parent company financial statements have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is the Parent Company's functional currency. All amounts are rounded to the nearest Philippine Peso unit unless otherwise indicated. Certain accounts have been reclassified to conform with current year presentation.

Statement of Compliance
The accompanying financial statements of the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

The Parent Company also prepares, and issues consolidated financial statements presented in compliance with PFRS. These may be obtained at the Parent Company's registered office address or from the Securities and Exchange Commission (SEC).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Parent Company has adopted the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Parent Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments Interest Rate Benchmark Reform*

- Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- *Conceptual Framework for Financial Reporting* issued on March 29, 2018
  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

Standards and Interpretation Issued but Not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the reporting period;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The standard will affect the future classification of liabilities as current or noncurrent when there is future deferral of settlement of the Parent Company's financial liabilities.

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Summary of Significant Accounting Policies

The following accounting policies were applied in the preparation of the parent company financial statements:

Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in parent company statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed within normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

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

The Parent Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash
Cash includes cash on hand and in banks which are stated at face value. Cash in banks are carried in the parent company statement of financial position at the face amount and earn interest at prevailing bank deposit rate.

Financial Instruments - initial recognition and subsequent measurement
Date of recognition
The Parent Company recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets
Initial recognition of financial instruments
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on *Revenue from contracts with customers.*

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its 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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

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

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

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

The Parent Company's financial assets at amortized cost includes cash in banks, receivables excluding advances to officers and employees, notes receivables, dividends receivable, security deposits and due from related parties.

Impairment of Financial Assets
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables due in less than 12 months, the Parent Company applies the simplified approach in calculating ECLs, as permitted by PFRS 9. Therefore, the Parent Company does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition 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 including forward-looking information.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Parent Company assesses whether financial assets carried 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.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Parent Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company 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 of 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 its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the 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 could be required to repay.

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

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

The Parent Company's financial liabilities include convertible loans, short-term loans, accounts and other payables, cash dividends payable, loans from officers and shareholders, loans from third parties, due to related parties, and obligations under finance lease.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL
Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL .

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

As of December 31, 2020 and 2019, the Parent Company has not designated any financial liability as at FVTPL.

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

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

This category generally applies to convertible loans short-term loans, accounts and other payables, cash dividends payable, loans from officers and shareholders, loans from third parties, due to related parties, and obligations under finance lease.

Derecognition
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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

c. Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement 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.

Fair Value Measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Parent Company.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Fair value hierarchy

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

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

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

The Parent Company's management determines the policies and procedures for recurring fair value measurement of financial assets.

At each reporting date, the Parent Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Parent Company's accounting policies. For this analysis, the Parent Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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

Other Current Assets
Other current assets pertain to other resources controlled by the Parent Company as a result of past events. They are recognized in the parent company financial statements when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other current assets that are expected to be realized for no more than twelve (12) months after the end of reporting period are classified as current assets; otherwise, these are noncurrent assets.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use including capitalized borrowing costs incurred during the construction period.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization commence once the property and equipment are available for use and are computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

Category	Number of Years
Office space	10
Office space improvements	5
Furniture and fixtures	5
Office equipment	5
Transportation equipment	5

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

Fully depreciated property and equipment are retained in the accounts until these are no longer in use. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the parent company statement of comprehensive income in the period reflected in the parent company statements of comprehensive income in the period in which the expenditure is incurred.

Intangible assets with indefinite useful life are not amortized but are tested for impairment annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the parent company statements of comprehensive income when the asset is derecognized.

Film rights
Film rights include the unamortized cost of completed theatrical films and television projects and film rights acquired. Film rights principally consist of direct production costs, production overhead, development and pre-production costs and are stated at cost less accumulated amortization and any impairment in value. Amortization of film and television production costs starts when a film is released and revenues on that film are recognized. Amortization is made in proportion to the actual income earned during the year as against total estimated income. The total estimated income is subject to periodic evaluation by management based on actual income generated from those films.

Investments in Subsidiaries
Investment in subsidiaries are accounted for at cost less any accumulated provision for impairment losses. Subsidiaries are entities over which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Impairment of Nonfinancial Assets
The Parent Company assesses at each reporting date whether there is an indication that its nonfinancial asset (e.g., property and equipment, film rights, investment in subsidiaries and other nonfinancial assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statement 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, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in subsidiaries
The Parent Company determines at each financial reporting date whether it is necessary to recognize additional impairment loss with respect to the Parent Company's net investment in the investee company. The Parent Company determines at each financial reporting date whether there is any objective evidence that the investment in the investee company is impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between recoverable amount of the investee Parent Company and the carrying cost and recognizes the amount in the parent company statement of comprehensive income.

Convertible Loans Payable
Convertible loans payable is separated into liability and equity components based on the terms of the contract.

On issuance of the convertible loans payable, the fair value of the liability component is determined using the market rate for an equivalent non-convertible loan. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity as part of additional paid-in capital. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible loan payable based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

When the convertible loans payable is extinguished before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the Parent Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of transaction. The method of allocating the consideration paid and the transaction costs to the separate component is consistent with that used in the original allocation to the separate components of the proceeds received by the entity when the convertible loan payables were issued.

Equity
The Parent Company considers the underlying substance and economic reality of its own equity instruments and not merely its legal form in determining its proper classification.

Capital stock
Ordinary or common shares are classified as equity. The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value of issued shares.

Subscriptions receivable
Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Additional paid-in capital
When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to 'Additional paid-in capital' account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Other comprehensive income (loss)
Other comprehensive income (loss) comprise item of income and expense that are not recognize in the profit or loss in the parent company statement of comprehensive income for the year in accordance with PFRS.

Deficit
Deficit represents the cumulative amount of net losses of the Parent Company.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent.

Management fee
Management fee is recognized based on the terms of the agreement.

Service fee
Service fee is recognized when services have been rendered.

Interest income
Interest income is recognized as it accrues using the EIR method.

Other income (charges)
Other income (charges) includes other income and expenses which are incidental to the Parent Company's business operations and are recognized in the parent company statement of comprehensive income.

Cost and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or occurrences of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost and expenses are generally recognized when goods or services are used or the expenses arise, while interest expenses are accrued in the appropriate financial reporting period.

<u>Pension Costs</u>

Defined benefit obligation

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

<u>Leases</u>

The Parent Company determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as a lessee

Except for short term leases and leases of low value assets, the Parent Company applies as single recognition and measurement approach of all leases. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The carrying amount of right-of-use assets are adjusted for any remeasurement of lease liabilities. It is decreased to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Parent Company recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. For all other lease modifications, the Parent Company makes a corresponding adjustment to the right-of-use asset.

If ownership of the leased asset transfers to the Parent Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases of commercial spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

<u>Taxes</u>
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits or unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

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

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

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

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of other current assets or payables in the Parent Company's statement of financial position.

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Parent Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Parent Company statement of comprehensive income net of any reimbursement. Provisions are reviewed at each financial reporting date and adjusted to reflect current best estimates.

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

Events after the Reporting Period
Any post year-end event up to the date of approval of the BOD of the parent company financial statements that provide additional information about the Parent Company's position by the end of the reporting period (adjusting event) is reflected in the parent company financial statements. Any post year-end event that is not adjusting event is disclosed in the notes to the parent company financial statements when material.

3. Significant Accounting Judgment and Use of Estimates and Assumptions

The preparation of the parent company financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the financial statements and accompanying notes. The judgment and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

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

Going concern
The use of the going concern assumption involves management making significant judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management takes into account a whole range of factors which include, but are not limited to, the forecasted cash flows, and the other potential sources of additional financing.

Management believes that with the implementation of strategies and action plans discussed in Note 1, the Parent Company will be able to address the events or conditions identified that may cast significant doubt on the Parent Company's ability to continue as a going concern. Accordingly, the accompanying financial statements have been prepared on a going concern basis of accounting. While the government eases restrictions of business activities to revive economic growth, the impact of the COVID-19 pandemic may continue to evolve giving inherent uncertainties on businesses.

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

Estimating allowance for expected credit losses
The Parent Company maintains allowance for impairment loss on its receivables at a level adequate to provide for any potential uncollectible receivables. The level of this allowance is regularly evaluated by the Parent Company. The Parent Company performs a regular review of the age and status of these accounts, designed to identify accounts for impairment. The assessment of the correlation between historically observed default rates, forecasted economic conditions, including the impact of the COVID-19 pandemic is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

As at December 31, 2020 and 2019, the allowance for impairment losses on trade receivables amounted to ₱0.63 million (see Note 5). As at December 31, 2020 and 2019, the allowance for impairment losses on due from related parties amounted to ₱14.33 million (see Note 15). The carrying value of the Parent Company's receivables net of allowances as of December 31 follows:

	2020	2019
Receivables (Notes 5 and 15)	**₱451,195,563**	₱461,345,340
Notes receivables (Note 15)	**35,558,000**	35,558,000
Dividends receivables (Note 15)	**5,450,000**	5,450,000
Due from related parties (Note 15)	**24,121,802**	20,833,953
	₱516,325,365	₱523,187,293

Estimating useful lives of property and equipment
The Parent Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The carrying value of the Parent Company's property and equipment amounted to ₱6.98 million and ₱9.57 million as of December 31, 2020 and 2019, respectively (see Note 7).

Estimating impairment of nonfinancial assets
The Parent Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value and significant negative industry or economic trends, including the impact of the COVID-19 pandemic. The Parent Company recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

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

The following table summarizes the carrying values of the assets subject to impairment testing:

	2020	2019
Property and equipment (Note 7)	**₱6,984,062**	₱9,568,754
Film rights (Note 8)	**3,649,512**	4,055,014
Investment in subsidiaries (Note 9)	**1,451,743,810**	1,322,743,810
Other assets*	**68,053,766**	11,898,524
	₱1,530,431,150	₱1,348,266,102

****excluding security deposits of ₱852,022***

Estimating pension cost and obligation
The determination of the Parent Company's obligation and retirement cost is dependent on selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rates and rates of salary increase. While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations.

As at December 31, 2020 and 2019, pension obligation amounted to ₱1.86 million and ₱1.28 million, respectively. Retirement benefit remeasurement effect recognized in other comprehensive loss amounted to ₱0.22 million and ₱0.18 million in 2020 and 2019, respectively. Pension costs reported in the parent company statement of comprehensive loss amounted to ₱0.26 million and ₱0.22 million in 2020 and 2019, respectively (see Note 14).

Recognition of deferred tax assets
The Parent Company reviews the carrying amounts of its deferred taxes 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. The Parent Company looks at its projected performance in assessing the sufficiency of future taxable income. The Parent Company did not recognize deferred tax assets on its temporary differences, NOLCO and excess MCIT over RCIT because the management believes that it is not probable that sufficient future taxable income will be available to allow part of the deferred tax assets to be utilized as at December 31, 2020 and 2019 (see Note 16).

4. Cash

	2020	2019
Cash on hand	**₱130,680**	₱130,680
Cash in banks	**55,528,515**	8,078,277
	₱55,659,195	₱8,208,957

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash in banks amounted to ₱14,014 and ₱11,203 in 2020 and 2019, respectively.

5. Receivables

	2020	2019
Receivables from:		
Related parties (Note 15)	**₱450,816,629**	₱451,206,565
Third parties	**693,130**	5,310,296
Advances to officers and employees	**311,592**	5,454,267
	451,821,351	461,971,128
Less: Noncurrent portion of receivables from related parties	**405,000,000**	449,000,000
Allowance for impairment losses	**625,788**	625,788
	₱46,195,563	₱12,345,340

In 2017, the Parent Company entered into a contract to sell with its subsidiary, West Palawan Premiere Development Corporation (WPP), to sell, transfer, and convey its investment property with a total area of 499.99 hectares, for a consideration of ₱449.00 million payable on installment basis in three (3) years. Carrying value of the investment property at the time of sale was ₱399.95 million resulting in a gain of ₱49.05 million in 2017. In 2019, both parties agreed in the revised terms that payment of outstanding balance amounting to ₱449.00 million shall commence in 2021 and end in 2023. As of December 31, 2020, installment receivables amounting to ₱44.00 million is maturing in 2021 and is classified as current receivable (see Note 15).

Advances to officers and employees represent unsecured, noninterest bearing cash advances business-related expenditures that are liquidated thirty (30) days from the date the cash advances were made.

In 2020, third party receivables without allowance for impairment loss amounting to ₱5.11 million (nil in 2019) were directly written off by the Parent Company.

6. Other Current Assets

	2020	2019
Advances for investments	**₱55,121,212**	₱–
Input VAT - net of allowance for impairment loss	**7,511,128**	6,363,082
Tax credits	**4,009,716**	4,009,716
Prepayments	**1,312,833**	1,264,337
Security deposits	**852,022**	–
Construction bonds	**26,000**	–
	₱68,832,911	₱11,637,135

Advances for investments represent down payments for future projects of the Parent Company.

Input VAT represents VAT imposed on the Parent Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations, which is expected to be recovered against output VAT, twelve (12) months after the end of the reporting period. The current portion amounting to ₱7.51 million and ₱6.36 million as of December 31, 2020 and 2019, respectively, is expected to be recovered in 2021 and 2020, respectively. Deferred input VAT, which is presented under the "Other noncurrent assets" account in the parent company statement of financial position amounting to ₱0.04 million and ₱0.10 million, as of December 31, 20120 and 2019, respectively, are recoverable in future periods after year 2021 and 2020, respectively.
Tax credits pertain to creditable withholding taxes and are available for offset against income tax payable in future periods.

Prepayments and others include prepaid insurance and rent which will be amortized within three (3) to twelve (12) months at the end of the financial reporting date.

Security deposits pertain to the deposits paid by the Parent Company to certain lessors at the inception of the lease contracts to be refunded at the end of the lease term.

7. Property and Equipment

	2020					
	Office Space	**Office Space Improvements**	**Furniture and Fixtures**	**Office Equipment**	**Transportation Equipment**	**Total**
Cost						
Beginning balances	**₱13,881,990**	**₱6,502,333**	**₱1,349,731**	**₱1,582,343**	**₱20,487,735**	**₱43,804,132**
Additions	**–**	**–**	**–**	**149,990**	**–**	**149,990**
Ending balances	**13,881,990**	**6,502,333**	**1,349,731**	**1,732,333**	**20,487,735**	**43,954,122**
Accumulated Depreciation and Amortization						
Beginning balances	**7,288,045**	**6,467,698**	**1,349,731**	**1,506,032**	**17,623,872**	**34,235,378**
Depreciation and amortization	**1,388,199**	**34,635**	**–**	**54,309**	**1,257,539**	**2,734,682**
Ending balances	**8,676,244**	**6,502,333**	**1,349,731**	**1,560,341**	**18,881,411**	**36,970,060**
Net Book Values	**₱5,205,746**	**₱–**	**₱–**	**₱171,992**	**₱1,606,324**	**₱6,984,062**

	2019					
	Office Space	Office Space Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost						
Beginning balances	₱13,881,990	₱6,502,333	₱1,349,731	₱1,582,343	₱20,487,735	₱43,804,132
Additions	–	–	–	–	–	–
Ending balances	13,881,990	6,502,333	1,349,731	1,582,343	20,487,735	43,804,132
Accumulated Depreciation and Amortization						
Beginning balances	5,899,846	5,383,978	1,141,663	1,224,084	14,606,278	28,255,849
Depreciation and amortization	1,388,199	1,083,720	208,068	281,948	3,017,594	5,979,529
Ending balances	7,288,045	6,467,698	1,349,731	1,506,032	17,623,872	34,235,378
Net Book Values	₱6,593,945	₱34,635	₱–	₱76,311	₱2,863,863	₱9,568,754

8. Film Rights

Rollforward of amortization on film rights follows:

	2020	2019
Cost		
Beginning and end of the year	**₱59,641,480**	₱59,641,480
Accumulated Amortization		
Beginning of the year	**55,586,466**	55,135,909
Amortization during the year	**405,502**	450,557
End of year	**55,991,968**	55,586,466
Net Book Value	**₱3,649,512**	₱4,055,014

9. Investment in Subsidiaries

Details of investments in subsidiaries accounted for under the cost method and the related percentages of ownership follow:

	Percentages of Ownership						
	2020		2019		Country of	**2020**	2019
	Direct	**Indirect**	Direct	Indirect	Incorporation		
Digiwave Solutions Incorporated (DSI)	**100**	–	100	–	Philippines	**₱179,786,001**	₱179,786,001
PH Mining and Development Corporation (PHMDC)	**100**	–	100	–	-do-	**3,062,500**	3,062,500
PH Big Bounty Entertainment, Inc. (PBBEI)	**100**	–	100	–	-do-	**1,250,005**	1,250,005
Premiere Horizon Business Services, Inc. (PHBSI)	**100**	–	100	–	-do-	**62,500**	62,500
Premiere e-Teleservices, Inc. (PeTI)	**100**	–	100	–	-do-	**62,500**	62,500
PH Agriforest Corporation (PHAFC)	**100**	–	100	–	-do-	**62,500**	62,500
Premiere Georesources and Development Inc. (PGDI)	**69**	–	69	–	-do-	**403,707,804**	403,707,804
Pyramid Hill Mining & Industrial Corp. (PHMIC)	–	**68**	–	68	-do-	–	–
Palawan Star Mining Ventures, Inc. (PSMVI)	–	**68**	–	68	-do-	–	–
Concepts Unplugged: Business Environment Solutions (CUBES), Inc.	**51**	–	51	–	-do-	**79,879,414**	79,879,414
Goshen Land Capital, Inc. (GLCI)	**55**	–	55	–	-do-	**427,000,000**	427,000,000
WPP	**100**	–	100	–	-do-	**440,000,000**	311,000,000
Treasure Cove at Nagtabon Beach, Inc. (TCNBI)	–	**100**	–	100	-do-	–	–
						1,534,873,224	1,405,873,224
Less allowance for impairment losses						**83,129,414**	83,129,414
						₱1,451,743,810	₱1,322,743,810

PGDI
PGDI is primarily engaged into mining related services such as hauling and excavation for mining companies.

PHMIC and PSMVI
PHMIC and PSMVI are holders of Mineral Production Sharing Agreements (MPSAs) covering approximately 10,384 hectares, containing probable commercial quality limestone deposits located in the mineralized area of Southern Palawan. As at December 31, 2020, PHMIC and PSMVI are under exploration stage and in the process of renewing their exploration period subject to evaluation and approval of the Mines and Geosciences Bureau (MGB) upon submission of requirements.

CUBES
CUBES is primarily engaged in providing management, investment, and/or technical solutions to commercial, industrial, and other types of enterprises. In May 2017, due to operational issues, CUBES' operation was discontinued and put on hold. As of December 31, 2020, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

GLCI
GLCI is a real estate developer based in Baguio City and develops innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories.

WPP and TCNBI
WPP is incorporated for the purpose of acquiring by purchase, lease, donation, or otherwise and own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise real estate of all kinds. In 2020, the Parent Company paid-in additional ₱129.00 million representing previously outstanding subscription payable for the capital stock of WPP.

TCNBI is engaged in the business of owning and operating hotels and other resort developments.

DSI
DSI previously operated e-Games stations with its primary purpose to carry out information technology and other related businesses.

PHMDC, PBBEI, PHBSI, PeTI and PHAFC are engaged in the business activities relating to entertainment, gaming, and human resources management consultant. As at December 31, 2020, these subsidiaries have not started commercial operations.

Details of the allowance for impairment losses is as follows:

	CUBES	PHBSI	PeTI	PHMDC	PHAFC	Total
Balances at beginning and end of year	₱79,879,414	₱62,500	₱62,500	₱3,062,500	₱62,500	₱83,129,414

10. Convertible Loans

In 2016 and 2015, the Parent Company issued convertible notes amounting to ₱26.00 million and ₱408.00 million, respectively, to various individuals and corporations. The convertible notes has a term of three years, with a fixed interest rates ranging from 6.5% to 12.0 % per annum, payable on a quarterly basis and are exchangeable into fully paid and non-assessable listed common shares at a price of ₱1.00 per share. The notes allow the holder to participate in a planned stock rights offer (SRO) even while the loan is outstanding. A nil-paid, detachable warrant is also issued to the holder for every ten (10) notional common shares, excluding the rights shares, regardless of whether or not the holder subscribes to the stock rights. Each warrant shall entitle the holder to subscribe to one (1) common share. In the event of default, the lender shall be entitled, but not obliged, to convert all or a portion of the loan into fully paid and non-assessable listed common shares. The terms and conditions of said conversion shall be mutually agreed upon by the parties. If the lender does not exercise its rights to conversion, the holder may declare the entire loan including the interest, immediately due and demandable.

In 2019, the Parent Company entered into new agreements with various creditors to extend the term of its convertible notes for another three years after its original maturity date.

The notes together with its features were also evaluated to determine if the embedded components qualify as derivatives to be separately accounted for under PFRS 9. As result of this evaluation, the Parent Company identified the conversion rights with detachable warrants as derivative financial instruments to be taken up as equity. Using the residual approach, the proceeds are allocated between the debt instrument and the conversion rights with detachable warrants. The equity component on the convertible loan issued in 2017 amounted to ₱18.69 million. As at December 31, 2020 and 2019, equity portion of convertible loans payable lodged under APIC in the parent company statements of financial position amounted to ₱18.69 million (see Note 18).

As of December 31, 2020 and 2019, carrying value of the convertible loans from officers and shareholders amounted to ₱95.79 million and ₱95.26 million, respectively (see Note 15).

Classification of the Parent Company's loans payable as of December 31 follows:

	2020	2019
Current	**₱300,370,775**	₱31,319,780
Noncurrent	**94,635,393**	363,213,835
	₱395,006,168	₱394,533,615

Movement in unamortized 'Day 1' difference as of December 31 follows:

	2020	2019
Beginning balances	**₱11,966,565**	₱5,074,888
Redemption (amortization) of Day 1 difference	**(4,972,553)**	6,891,677
Ending balances	**₱6,994,012**	₱11,966,565

In 2020 and 2019, interest expense on the convertible loans, including the amortization of day 1 difference, recognized in profit or loss amounted to ₱22.99 million and ₱22.82 million, respectively (see Note 20).

11. Short-term Loans

Party	Year	Principal Repayments	Outstanding Balance	Terms	Conditions
Banks	**2020**	**₱2,062,500**	**₱12,937,500**	180 to 360 days; 6.50% to 6.75% per annum;	Unsecured
	2019	15,000,000	15,000,000		
Shareholders and Officers (Note 15)	**2020**	**300,000**	**34,025,000**	180 to 360 days 6.00% per annum	Unsecured
	2019	6,000,000	34,025,000		
Third Parties	**2020**	**5,000,000**	**179,000,000**	180 to 360 days; 7.5% to 12.0% per annum	Unsecured
	2019	207,000,000	184,000,000		
Total	**2020**	**₱7,362,500**	**₱225,962,500**		
	2019	228,000,000	233,025,000		

Short-term loans were obtained to finance the working capital requirements of the Parent Company. Total interest expense on short-term loans amounted to ₱61.13 million and ₱59.89 million in 2020 and 2019, respectively (see Note 20).

Loans from officers and shareholders - noncurrent

In 2019, the Parent Company was able to secure several letters from its shareholders and officers representing their agreement to defer the collections of their short-term loans with the Parent Company until December 31, 2021.

As of December 31, 2020 and 2019, total loans not currently maturing amounted to ₱64.50 million and ₱64.80 million, respectively, presented as "Loans from officers and shareholders" under noncurrent liabilities in the parent company statements of financial position. These unsecured loans are interest bearing at 6% per annum (see Note 15).

Loan from a third party - noncurrent
In 2019, the Parent Company was able to secure letter representing a third-party creditor's agreement to defer the collections of short-term loan amounting to ₱8.00 million with the Parent Company until December 31, 2021. Total amount of loan was accordingly presented as "Loans from a third party" under noncurrent liabilities in the parent company statements of financial position as of December 31, 2020 and 2019. This unsecured loan is interest-bearing at 8% per annum.

12. Accounts and Other Payables

	2020	2019
Advances from officers and shareholders (Note 15)	**₱66,232,765**	₱58,085,174
Accounts payable	**77,113,105**	78,771,629
Accrued expenses	**61,290,568**	38,979,982
Others	**8,158,591**	8,084,035
	₱212,795,029	₱183,920,820

Advances from officers and shareholders represents additional funds from the Parent Company's officers and shareholders to be used in its ongoing projects.

Accounts payable arises from regular transactions with contractors and suppliers. These are noninterest-bearing and are normally settled on a 15 to 60-day terms.

Accrued expenses are comprised of accruals to interest, salaries and benefits, professional fees, and other taxes which are expected to be settled within twelve (12) months from the end of the reporting period.

Others include withholding taxes which are amounts payable to the Philippine Government, as the Parent Company being a withholding agent. These are non-interest bearing and are generally settled in 30 to 45 days.

13. Obligations Under Finance Lease

In 2017 and 2016, the Parent Company entered into a sale and leaseback agreement with BPI Century Tokyo Rental Corporation for its heavy equipment and transportation equipment for the total consideration of ₱70.60 million and ₱7.41 million, respectively. The obligations are payable in equal monthly installments until August 2021.

Currently maturing obligation under finance lease amounted to ₱0.53 million and ₱2.36 million as of December 31, 2020 and 2019, respectively.

Interest expense arising from obligations under finance lease amounted to ₱0.03 million, and ₱0.70 million in 2020 and 2019, respectively (see Note 20).

Net book values of heavy equipment and transportation equipment under finance lease amounted to nil and ₱0.35 million as at December 31, 2020 and 2019, respectively.

14. **Pension Costs**

The Parent Company has an unfunded, qualified noncontributory defined benefit plan covering all regular employees. Benefits are based on the employee's years of service and final plan salary.

Under the existing regulatory framework, Republic Act 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any pension plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the unfunded status and amounts recognized in the parent company statements of financial position and the components of the pension expense recognized in the statements of comprehensive loss and remeasurement gains (losses) recognized in OCI for the pension plan.

Defined benefit cost recognized in the parent company statements of comprehensive loss:

	2020	2019
Current service cost	**₱191,119**	₱155,362
Interest expense on defined benefit obligation	**71,004**	62,641
	₱262,123	₱218,003

Remeasurements losses and gains on defined benefit obligation recognized under OCI in the parent company statements of comprehensive loss:

	2020	2019
Actuarial gains (losses) due to:		
Changes in financial assumptions	**(₱390,529)**	(₱350,884)
Experience adjustments	**72,235**	100,752
Remeasurement losses on defined benefit obligation	**(318,294)**	(250,132)
Income tax effect	**95,488**	75,040
Remeasurement losses	**(₱222,806)**	(₱175,092)

Cumulative remeasurement effect recognized in OCI:

	2020	2019
Balances at beginning of year	**₱88,765**	₱338,897
Actuarial loss	**(318,294)**	(250,132)
	(229,529)	88,765
Income tax effect	**68,858**	(26,630)
Total amounts recognized in OCI at end of year	**(₱160,671)**	₱62,135

Changes in the present value of the defined benefit obligation are as follows:

	2020	2019
Balances at beginning of year	**₱1,281,660**	₱813,525
Current service cost	**191,119**	155,362
Interest expense on defined benefit obligation	**71,004**	62,641
Actuarial losses (gains) due to:		
Changes in financial assumptions	**390,529**	350,884
Experience adjustments	**(72,235)**	(100,752)
Defined benefit obligation at end of year	**₱1,862,077**	₱1,281,660

The cost of defined benefit pension plans as well as the present value of the pension liabilities is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension are shown below:

	2020	2019
Discount rate	**4.16%**	5.54%
Salary increase rate	**5.00%**	5.00%

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

		Increase (decrease) in present value of defined benefit obligation	
	Change in variable	2020	2019
Discount rate	+100 bps	**(₱295,373)**	(₱184,654)
	-100 bps	**375,764**	234,978
Salary increase rate	+100 bps	**368,427**	233,828
	-100 bps	**(295,775)**	(187,074)

The Parent Company does not have a formal retirement plan and is therefore still unfunded.

Shown below is the maturity analysis for a 10-year projection of expected future benefit payments as of December 31, 2020 and 2019, respectively:

	2020	2019
Financial Year		
2020	–	₱327,155
2021	**₱327,155**	–
2022	–	–
2023	–	–
2024	–	–
2025-2029	–	–

The average duration of the defined benefit obligation at the end of the reporting date is 18 years and 16.4 years in 2020 and 2019, respectively.

Personnel cost charged to parent company statements of comprehensive loss follows:

	2020	2019
General and administrative expenses:		
Salaries and wages	**₱5,195,913**	₱2,224,714
Pension expense	**262,123**	218,003
Other employee benefits	**1,012,637**	904,775
	₱6,470,673	₱3,347,492

15. Related Party Transactions

The Parent Company, in the normal course of business, has entered into transactions with related parties. The transactions are made at terms and prices agreed upon by the parties.

Terms and Conditions of Transactions with Related Parties
For the years ended December 31, 2020 and 2019, the Parent Company has not recorded any additional impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. As of December 31, 2020 and 2019, allowance for impairment of receivables amounted to ₱14.33 million.

Settlement of the outstanding balances normally occur in cash, unless otherwise stated. The Parent Company has approval process and established limits when entering into material related party transactions.

The Parent Company's related party transactions are as follow:

Name	Relationship	Year	Volume	Outstanding Balance	Terms	Condition
Receivables (Note 5):						
PGDI	Subsidiary	**2020**	**₱389,936**	**₱–**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	20,676,932	389,936	-do-	-do-
CUBES	Subsidiary	**2020**	**–**	**1,816,629**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	–	1,816,629	-do-	-do-
WPP	Subsidiary	**2020**	**–**	**449,000,000**	Payable in installments for 3 years; non-interest bearing	Unsecured; no impairment
		2019	–	449,000,000	-do-	-do-
		2020	**₱389,936**	**₱450,816,629**		
		2019	20,676,932	451,206,565		
Dividends receivable:						
PHBSI	Subsidiary	**2020**	**₱–**	**₱4,800,000**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	–	4,800,000	-do-	-do-
PHAFC	Subsidiary	**2020**	**–**	**650,000**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	–	650,000	-do-	-do-
		2020	**₱–**	**₱5,450,000**		
		2019	–	5,450,000		

(Forward)

Name	Relationship	Year	Volume	Outstanding Balance	Terms	Condition
Notes receivable:						
CUBES	Subsidiary	**2020**	**₱–**	**₱35,558,000**	8% interest	Unsecured; no impairment
		2019	–	35,558,000	-do-	-do-
Due from related parties:						
GLCI	Subsidiary	**2020**	**₱15,398,310**	**₱–**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	15,398,310	15,398,310	-do-	-do-
PGDI	Subsidiary	**2020**	**3,114,200**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	15,561,008	3,114,200	-do-	-do-
CUBES	Subsidiary	**2020**	**231,824**	**941,237**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	84,789	709,413	-do-	-do-
DSI	Subsidiary	**2020**	**7,062,362**	**7,062,862**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	–	500	-do-	-do-
PHBSI	Subsidiary	**2020**	**350,603**	**936,441**	Due and demandable; non-interest bearing	Unsecured; partially impaired
		2019	6,050	585,838	-do-	-do-
PHAFC	Subsidiary	**2020**	**411,336**	**1,341,090**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	6,321	929,754	-do-	-do-
PBBEI	Subsidiary	**2020**	**118,048**	**203,695**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	–	85,647	-do-	-do-
PHMDC	Subsidiary	**2020**	**71,986**	**14,411,009**	Due and demandable; non-interest bearing	Unsecured; fully impaired
		2019	10,291	14,339,023	-do-	-do-
PHMIC	Subsidiary	**2020**	**7,689,548**	**7,689,548**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	–	–		
PSMVI	Subsidiary	**2020**	**5,864,652**	**5,864,652**	Due and demandable; non-interest bearing	Unsecured; no impairment
		2019	–	–		
Total		**2020**	**40,312,869**	**38,450,534**		
		2019	31,066,769	35,162,685		
Less allowance for impairment losses		**2020**	**–**	**14,328,732**		
		2019	–	14,328,732		
		2020	**₱40,312,869**	**₱24,121,802**		
		2019	31,066,769	20,833,953		
Short-term loan (Note 11):						
Individuals	Officers and Shareholders	**2020**	**₱–**	**₱34,025,000**	180 to 360 days 6.00% per annum	Unsecured
		2019	–	34,025,000		
Advances from officers and shareholders (Note 12):						
Individuals	Officers and Shareholders	**2020**	**₱8,147,591**	**₱66,232,765**	180 to 360 days 6.00% per annum	Unsecured
		2019	–	58,085,174		

(Forward)

Name	Relationship	Year	Volume	Outstanding Balance	Terms	Condition
Loans from officers and shareholders (Note 11):						
Individuals	Officers and Shareholders	**2020**	**₱300,000**	**₱64,500,000**	2 years	Unsecured
		2019	64,800,000	64,800,000	6.00% per annum	
Convertible loans (Note 10)						
Individuals	Officers and Shareholders	**2020**	**₱–**	**₱95,790,173**	3 years	Secured;
		2019	–	95,263,509	8.00% to 10.0% per annum	WPP Shares
					-do-	-do-
Due to related parties						
WPP	Subsidiary	**2020**	**₱3,444,895**	**₱277,529,981**	Due and demandable;	Unsecured
		2019	32,139,748	177,961,463	non-interest bearing	-do-
					-do-	
DSI	Subsidiary	**2020**	**6,876,841**	**219,778,023**	Due and demandable;	Unsecured
		2019	54,596,150	212,901,182	non-interest bearing	-do-
					-do-	
PGDI	Subsidiary	**2020**	**7,000,000**	**61,564,053**	Due and demandable;	Unsecured
		2019	–	7,000,000	non-interest bearing	-do-
					-do-	
GLCI	Subsidiary	**2020**	**18,357,096**	**8,490,801**	Due and demandable;	Unsecured
		2019	13,529,500	27,380,000	non-interest bearing	-do-
					-do-	
PHBSI	Subsidiary	**2020**	–	**5,734,997**	Due and demandable;	Unsecured
		2019	–	5,734,997	non-interest bearing	-do-
					-do-	
PHAF	Subsidiary	**2020**	–	**1,998,516**	Due and demandable;	Unsecured
		2019	–	1,998,516	non-interest bearing	-do-
					-do-	
PBBEI	Subsidiary	**2020**	**137,352**	**1,111,475**	Due and demandable;	Unsecured
		2019	–	1,111,475	non-interest bearing	-do-
					-do-	
		2020	**₱142,120,313**	**₱576,207,846**		
		2019	100,265,398	434,087,633		
Service and management fees:						
PGDI	Subsidiary	**2020**	**₱–**	**₱–**	Due and demandable;	Unsecured
		2019	20,676,932	–	non-interest bearing	-do-
					-do-	

The Parent Company, in the ordinary course of business, has entered into transactions with its related parties which consists mainly of the following:

a. Receivables from PGDI pertains to the uncollected portion of the service and management fee earned by the Parent Company during the year. The Parent Company's receivables from PGDI amounted to nil and ₱0.39 million as of December 31, 2020 and 2019, respectively. The Parent Company earned management fees amounting to ₱20.68 million in 2019 (nil in 2020).

b. The Parent Company's receivables from CUBES pertains to interest related to the loans it has extended to CUBES. Interest accrued by the Parent Company from the notes receivable to CUBES for 2020 and 2019 amounted to nil.

c. In December 2017, the Parent Company sold its investment property located in Bacungan, Puerto Princesa, Palawan to WPP for a total consideration of ₱449.00 million which remain outstanding as of December 31, 2020 and 2019 (see Note 5).

   As at December 31, 2020 and 2019, the Parent Company's capital gains tax payable on the sale of investment property amounted to ₱26.94 million.

d. In December 2017, the BOD of PHBSI and PHAFC declared cash dividends payable to its stockholders of record as of date. Dividends receivables of the Parent Company from both subsidiaries amounted to ₱5.45 million as of December 31, 2020 and 2019.

e. The Parent Company has extended a loan to CUBES. The loan is due and payable on demand and bear an interest of 8% per annum. The Parent Company waived interest on this loan. Interest income on the notes receivable in 2020 and 2019 amounted to nil.

f. During the year, the Parent Company provided several advances to its subsidiaries to act as additional working capital for the subsidiaries. Advances to related parties, net of impairment, amounted to ₱24.12 million and ₱20.83 million as of December 31, 2020 and 2019, respectively.

g. The Parent Company receives short-term funding from its stockholders and key officers to be used as additional sources of their working capital. Interest rates of such short-term loans ranged between 8.00% and 12.00%. In 2019, the Parent Company was able to secure letters of agreement from its stockholders and key officers to defer payment for its short-term loans amounting to ₱64.80 million until December 31, 2021. Loans from stockholders and key officers amounted to ₱64.50 million and ₱64.80 million as of December 31, 2020 and 2019, respectively. Interest expense recognized in 2020 and 2019 amounted to ₱10.00 million (see Note 11).

h. Convertible loans received by the Parent Company from its stockholders and key officers was used by the Parent Company as additional funds for its ongoing projects. The loan has an interest rate of 8.00% per annum, payable semiannually, and matures after 3 years from the date of inception of the loan. The loan is also secured by WPP shares held by the Parent Company. Convertible loans of the Parent Company from its stockholders and key officers amounted to ₱95.79 million and ₱95.26 million as of December 31, 2020 and 2019, respectively. Interest expense related to the convertible loans amounted to ₱7.68 million in 2020 and 2019 (see Note 10).

i. Advances received by the Parent Company from its subsidiaries were used as additional funds of the Parent Company to be used in its day-to-day operations. Advances from related parties amounted to ₱524.86 million and ₱434.09 million as of December 31, 2020 and 2019, respectively.

j. In 2020 and 2019, the Parent Company earned service and management fees amounting to nil and ₱20.68 million, respectively, for the services rendered to PGDI. The Parent Company did not charge service and management fees in 2020.

In October 2019, in compliance with SEC Memorandum Circular No. 10-2019, the Parent Company adopted and implemented its Material Related Party Transactions Policy. The policy covers all the Parent Company's and subsidiaries' (the Group's) material related party transactions, defined as:

i. A single transaction with a related party amounting to 10% or higher of the total consolidated assets; or

ii. Several transactions or a series of transactions over a twelve-month period with the same related party amounting to 10% or higher of the Group's total consolidated assets.

Transactions amounting to 10% or more of the total consolidated assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the material related party transaction to the requirements of the Material Related Party Transaction Policy. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

All individual material related party transactions shall be approved by the majority vote of the board of directors and shareholders. For aggregate related party transactions within a twelve-month period that breaches the materiality of 10% of the Group's total consolidated assets, board and shareholders' approval would be required for the transactions that meets and exceeds the materiality threshold.

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

Compensation of Key Management Personnel

Salaries and other benefits of key management personnel of the Parent Company amounted to ₱26.55 million and ₱17.29 million in 2020 and 2019, respectively.

16. Income Tax

In 2019, current income tax pertains to MCIT amounting to ₱423,436.

Reconciliation of the income before income tax computed at the statutory corporate income tax rate to provision for income tax is as follows:

	2020	2019
Provision for income tax benefit at statutory tax rate	**(₱41,736,458)**	(₱32,482,390)
Tax effects of:		
Movement of unrecognized DTA	**38,720,717**	34,976,422
Reversal on interest - accretion	**891,766**	(2,067,503)
Nondeductible expenses	**2,325,907**	1,109
Income already subjected to final tax	**(4,204)**	(4,202)
Stock issuance cost	**(197,728)**	–
	₱–	₱423,436

As at December 31, 2020 and 2019, the Parent Company's deferred tax liability pertains to deferred tax on actuarial gains on defined benefit obligation amounting to ₱0.06 million and ₱0.07 million, respectively.

The Parent Company did not recognize deferred tax assets on the following temporary differences, NOLCO and excess MCIT over RCIT because the management believes that it is not probable that sufficient future taxable income will be available to allow part of the deferred tax assets to be utilized:

	2020	2019
Allowance for impairment losses on:		
Receivables	**₱625,788**	₱625,788
Due from related parties	**14,328,732**	14,328,732
Investment in subsidiaries	**83,129,414**	83,129,414
Other noncurrent assets	**662,061**	662,061
Amortization of film rights	**55,991,968**	55,586,466
NOLCO	**313,400,990**	235,783,078
Excess MCIT over RCIT	**696,676**	1,109,257
Pension liability	**1,632,548**	1,370,425

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax asset can be used.

As at December 31, 2020, the excess MCIT over RCIT that can be carried forward and credited against tax payable follows:

Year Incurred	Amount	Expired	Balance	Expiry Date
2019	₱423,436	₱–	₱423,436	2022
2018	273,240	–	273,240	2021
2017	412,581	412,581	–	2020
	₱1,109,257	₱412,581	₱696,676	

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Parent Company has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2019	₱114,508,058	₱–	₱–	₱114,508,058	2022
2018	70,493,124	–	–	70,493,124	2021
2017	50,781,896	–	50,781,896	–	2020
	₱235,783,078	₱–	₱50,781,896	₱185,001,182	

As of December 31, 2020, the Parent Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2020	₱128,399,808	₱–	₱–	₱128,399,808	2025

17. Financial Instruments

Fair Value Measurement

The Parent Company's principal financial assets and financial liabilities comprise cash, trade receivables, notes receivables, dividend receivables, security deposits, accounts and other payables, dividends payable, short-term loans, convertible loans payable, loans from officers and shareholders, loans from third parties, obligations under finance lease, and due to and from related parties. The main purpose of these financial assets and financial liabilities is to finance the Parent Company's operations. The Parent Company has other financial liabilities such as accounts and other payables which arise directly from its operations.

The carrying values of the Parent Company's financial assets and financial liabilities per category are equal to the estimated fair values except for the following:

	2020		2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial asset				
Receivables - net of current portion	**₱405,000,000**	**₱397,055,925**	₱449,000,000	₱431,621,030
Financial liabilities				
Convertible loans	**495,006,168**	**493,385,542**	494,533,615	446,378,123
Loans from shareholders and officers	**64,500,000**	**63,395,760**	78,300,000	75,888,990
Loans from third parties	**8,000,000**	**8,000,000**	8,000,000	8,645,505

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

Financial assets

The fair values of cash, receivables, notes receivables, dividends receivables, security deposits, and due from related parties approximate their carrying values due to the relatively short-term maturities of these instruments.

Financial liabilities

The carrying amounts of accounts and other payables, short term loans, dividends payable, loans from officers and shareholders, loan from third parties, and due to related parties approximate their fair values due to the short-term nature of the transactions. Fair value of convertible loans were computed based on the discounted value of future cash flows using the BVAL rates.

Fair Value Hierarchy

The Parent Company uses the following hierarchy for determining the fair value of financial assets and financial liabilities:

Level 1: - quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial Risk Management Objectives and Policies

The main purpose of the Parent Company financial assets and liabilities is to fund its operations and capital expenditures. The main risks arising from the use of these financial assets and liabilities are liquidity, credit and interest rate risks.

Exposure to liquidity, credit and interest rate risks arises in the normal course business activities.

The main objectives of the Parent Company's financial risk management are as follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

a. *Liquidity risk*

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Parent Company's inability to meet its obligations when they come due without incurring unacceptable losses or costs.

The Parent Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Parent Company maintains a level of cash deemed sufficient to finance its current operations.

The tables below summarize the maturity profile of the Parent Company's financial assets and financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted payments. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Parent Company can be required to pay.

	2020			
	<120 days	121-360 days	>360 days	Total
Financial Assets				
Cash	₱55,659,195	₱–	₱–	₱55,659,195
Receivables*	45,883,971	–	405,000,000	450,883,971
Notes receivables	35,558,000	–	–	35,558,000
Dividends receivable	5,450,000	–	–	5,450,000
Due from related parties	24,121,801	–	–	24,121,801
Security deposits	852,022	–	–	852,022
	167,524,989	–	405,000,000	572,524,989

(Forward)

	2020			
	<120 days	**121-360 days**	**>360 days**	**Total**
Financial Liabilities				
Accounts and other payables**	**₱96,245,029**	**₱–**	**₱–**	**₱96,245,029**
Short-term loans***	**206,287,500**	**52,926,250**	**–**	**259,213,750**
Obligations under finance lease	**528,206**	**–**	**–**	**528,206**
Due to related parties	**576,207,846**	**–**	**–**	**576,207,846**
Convertible loans payable***	**309,120,128**	**5,290,646**	**100,035,393**	**414,446,167**
Loans from officers and shareholders***	**–**	**–**	**70,660,000**	**70,660,000**
Loan from a third party***	**–**	**–**	**8,640,000**	**8,640,000**
	1,188,388,709	**58,216,896**	**179,335,393**	**1,425,940,998**
Net financial liabilities	**(₱1,020,863,720)**	**(₱58,216,896)**	**(₱225,664,607)**	**(₱1,304,745,223)**

**Excluding advances from employees*
***Excluding non-financial liabilities amounting to ₱116.55 million.*
****Includes interest*

	2019			
	<120 days	121-360 days	>360 days	Total
Financial Assets				
Cash	₱8,208,957	₱–	₱–	₱8,208,957
Receivables*	6,891,073	–	449,000,000	455,891,073
Notes receivables	35,558,000	–	–	35,558,000
Dividends receivables	5,450,000	–	–	5,450,000
Due from related parties	20,833,953	–	–	20,833,953
Security deposits	–	–	852,022	852,022
	76,941,983	–	449,852,022	526,794,005
Financial Liabilities				
Accounts and other payables**	114,416,603	–	–	114,416,603
Short-term loans***	218,273,916	24,267,416	93,197,583	335,738,915
Obligations under finance lease***	3,064,430	–	–	3,064,430
Due to related parties	434,087,633	–	–	434,087,633
Convertible loans payable***	123,667,001	23,216,305	325,084,372	471,967,678
Loans from officers and shareholders***	–	–	69,379,780	69,379,780
Loan from a third party***	–	–	93,197,583	93,197,583
	893,509,583	47,483,721	580,859,318	1,521,852,622
Net financial liabilities	(₱816,567,600)	(₱47,483,721)	(₱131,077,296)	(₱995,128,617)

**Excluding advances from employees*
***Excluding non-financial liabilities amounting to ₱69.50 million.*
****Includes interest*

b. *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Parent Company's credit risks are primarily attributable to cash in banks, accounts receivable from third party and due from related parties. The Parent Company's due from related parties is monitored on an ongoing basis.

With respect to credit risk arising from cash in banks, accounts receivable from third party and due from related parties, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Parent Company has determined that the credit quality of all neither past nor impaired financial assets as at December 31, 2020 and 2019 are classified as high grade based on the financial and credit standing of the counterparty.

b. *Market risk*

Market risk is the risk of loss to future earnings, fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, equity prices, foreign currency exchange rates and other market changes.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Parent Company's exposure to the risk of changes in market interest rates relates primarily to its cash with banks, notes receivables, short-term loans and convertible loans. The Parent Company's policy is to manage its interest cost using a mix of fixed and variable rate debt. As at December 31, 2020 and 2019, 100% of the Parent Company's borrowings are at a fixed interest rate.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2020 and 2019, the Parent Company has no significant foreign currency denominated assets and liabilities that could materially impact the financial statements.

18. Equity

Capital Stock

The details of the Parent Company's number of common shares and the movements thereon follow:

	2020		2019	
	Amount	**Number of Shares**	Amount	Number of Shares
Authorized ₱0.25 par value per share	**₱563,556,000**	**2,254,224,000**	₱563,556,000	2,254,224,000
Issued and fully paid				
At the beginning of year	**₱497,620,222**	**1,990,480,889**	₱472,715,222	1,815,480,889
Additional subscription	**65,909,091**	**263,636,364**	–	–
Collection of subscription receivables	–	–	24,905,000	175,000,000
At end of year	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889
Subscribed capital stock				
At the beginning of year	**₱497,620,222**	**1,990,480,889**	₱497,620,222	1,990,480,889
Additional subscription	**65,909,091**	**263,636,364**	–	–
At end of year	**563,529,313**	**2,254,117,253**	497,620,222	1,990,480,889
Less: Subscription receivable				
At the beginning of year	–	–	24,905,000	175,000,000
Collection of subscription receivables	–	–	(24,905,000)	(175,000,000)
At end of year	–	–	–	–
Capital stock	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889

On May 5, 1997, the Parent Company launched its initial public offering where a total of 520.0 million common shares were offered at an offering price of ₱1.00 per share. The registration was approved in May 2, 1997. The Parent Company has 121 and 116 existing shareholders as of December 31, 2020 and 2019, respectively.

Subscription Receivable
Subscription receivable pertains to the unpaid portion of the 175.0 million shares subscribed at ₱0.30 per share amounting to ₱44.63 million. In 2019, the Parent Company fully collected ₱24.91 million of the subscription receivable.

Share Subscription Agreement
On October 29, 2020, the Parent Company entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "Subscription Shares") or up to 55% ownership in the Parent Company. Subscription to these shares will be at ₱0.33 per share for a total consideration of ₱925.00 million, of which ₱300.00 million will be in cash and the balance of ₱625.00 million will be via a combination of cash and/or infusion of Squidpay Technology, Inc. (SPTI) shares over a period of 2 years, with the intent of making SPTI a subsidiary of the Parent Company.
The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock. As of December 31, 2020, ₱87.00 million was received in relation to this subscription.

The remaining 2,539,393,939 shares will be issued from an increase in authorized capital stock of the Parent Company.

Deposit for Future Stock Subscription
On December 17, 2020, the BOD and stockholders approved the increase in PHA's authorized capital stock from ₱563.56 million divided into 2,254,224,000 common shares with par value of ₱0.25 each share, to up to ₱1.50 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share. The Parent Company filed the application for increase in authorized capital stock with the Philippine SEC in March 2021. The approval for increase in capital stock is pending from the SEC.

In 2020, the Parent Company received ₱113.00 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under current liabilities as of December 31, 2020.

Additional Paid-in Capital (APIC)
APIC includes paid in capital in excess of par amounting to ₱52.23 million and ₱31.80 million as of December 31, 2020 and 2019, respectively, and the equity component of the issued convertible loans amounting to ₱18.69 million as of December 31, 2020 and 2019 (see Note 10).

The liability component of the convertible loans is reflected as financial liabilities.

In 2020, the Parent Company received subscription amounting to ₱0.33 per share or ₱87.00 million for 263,636,364 shares out of authorized capital stock, including ₱21.09 million in excess of par value. Stock issuance cost amounting to ₱0.66 million is deducted from APIC.

Declaration of Dividends
On March 20, 2018, the BOD of the Parent Company has approved property dividends consisting of 268.0 million shares of stock of PGDI with the new par value of ₱0.10 per share and a cash dividend of ₱0.001482 per share or a total of ₱2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared. The fair value of property dividends amounted to ₱36.85 million. As at December 31, 2020, the SEC approval on the property and cash dividends is still pending.

Capital Management
The primary objective of the Parent Company's capital management is to ensure that it maintains strong credit standing and healthy capital ratios in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Parent Company considers its equity as capital. The Parent Company is not subject to externally imposed capital requirements.

19. Changes in Liabilities Arising from Financing Activities

	2020					
	January 1, 2020	**Proceeds**	**Payments**	**Non-cash transactions**	**Interest accretion**	**December 31, 2020**
Short term loans	**₱233,025,000**	**₱–**	**(₱7,062,500)**	**₱–**	**₱–**	**₱225,962,500**
Obligations under finance lease	**2,360,827**	**–**	**(1,832,621)**	**–**	**–**	**528,206**
Convertible loans	**394,533,615**	**–**	**(4,500,000)**	**–**	**4,972,553**	**395,006,168**
Loans to officers and shareholders	**64,800,000**	**–**	**(300,000)**	**–**		**64,500,000**
Interest payable	**25,222,998**	**–**	**(79,174,577)**	**–**	**84,147,130**	**30,195,551**
Due to related parties	**434,087,633**	**–**	**(13,500,000)**	**155,620,213**	**–**	**576,207,846**
Deposit for future stock subscription	**–**	**113,000,000**	**–**	**–**	**–**	**113,000,000**
	₱1,154,030,073	**₱113,000,000**	**(₱106,369,698)**	**₱155,620,213**	**₱84,147,130**	**₱1,405,400,271**

	2019					
	January 1, 2019	Availments	Payments	Non-cash Transactions	Interest accretion	December 31, 2019
Short term loans	₱203,525,000	₱31,500,000	(₱2,000,000)	₱–	₱–	₱233,025,000
Obligations under finance lease	5,586,514	–	(3,225,687)	–	–	2,360,827
Convertible loans	415,425,292	–	(14,000,000)	–	(6,891,677)	394,533,615
Loans to officers and shareholders	64,800,000	–	–	–	–	64,800,000
Interest payable	8,009,487	–	(65,642,029)	–	82,855,540	25,222,998
Due to related parties	244,643,220	–	(1,000,000)	190,444,413		434,087,633
	₱941,989,513	₱31,500,000	(₱85,867,716)	₱190,444,413	₱75,963,863	₱1,154,030,073

Non-cash transactions with related parties includes net payments on behalf and offsetting of balances.

20. Interest Expense

	2020	2019
Short term loans (Note 11)	**₱61,127,580**	₱59,891,531
Convertible loans payable (Note 10)	**22,987,858**	22,822,702
Obligation under finance lease (Note 13)	**31,692**	141,307
	₱84,147,130	₱82,855,540

21. Events Related to COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a global pandemic. In a move to contain the COVID-19 outbreak, several quarantine measures have been implemented in the National Capital Region (NCR) and other areas with significant number of COVID-19 cases. These quarantine measures have resulted in disruptions in the Parent Company's business and economic activities.

On March 27, 2021, the Presidential Spokesperson has announced that Enhanced Community Quarantine will be implemented in the NCR+ "bubble" covering the NCR, Bulacan, Rizal, Cavite and Laguna starting March 29, 2021 until April 4, 2021 and subsequently extended until May 14, 2021 as approved by the President. Thereafter, NCR+ is placed under General Community Quarantine with heightened restrictions effective from May 15 to May 31, 2021.

Considering the evolving nature of the pandemic, the Parent Company will continue to monitor the situation and adopt appropriate risk management procedures and business continuity strategies in order to mitigate the adverse impact of the pandemic.

22. Subsequent Events

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Parent Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%;
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and
- Improperly accumulated earnings tax of 10% will be repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower regular corporate income tax rate of 25% RCIT/1% MCIT effective July 1, 2020. The change did not significantly impact the Parent Company as there is no provision for income tax for the year ended December 31, 2020.

23. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

On November 25, 2010, the Bureau of Internal Revenue issued RR 15-2010 which amends certain provisions of RR 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying the tax returns. It recognizes the disclosures of taxes, duties and licenses paid or accrued during the taxable year.

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes and license fees paid or accrued during the taxable year 2020.

VAT

The Parent Company is a VAT-registered company with output tax declaration amounting to nil.

The amount of VAT Input taxes claimed and broken down into:

Balance at January 1	₱6,363,082
Current year's domestic purchases/payments for:	
Domestic purchases of services	1,021,235
Input VAT deferred on capital goods exceeding ₱1 million from prior period	102,149
Domestic purchases of goods other than capital goods	64,299
Purchase of capital goods exceeding ₱1 million	–
Total available input VAT	7,550,765
Input VAT on purchases of capital goods exceeding ₱1 million deferred for the succeeding period	(39,637)
Output VAT	–
Balance at December 31	₱7,511,128

Taxes and Licenses

This includes all other taxes, local and national, licenses and permit fees lodged under the "Taxes and licenses" section in the statement of comprehensive loss:

Listing fees and dues	₱261,000
Documentary stamps	829,694
Business permits	159,826
Notarial fee	14,296
Others	129,556
Total taxes and licenses	₱1,394,372

Documentary stamps related to stock issuance amounting to ₱659,094 is deducted from APIC.

Withholding Taxes

Withholding taxes consist of the following:

Expanded withholding taxes	₱8,013,117
Withholding taxes on compensation	842,678
	₱8,855,795

Tax Contingencies

The Parent Company did not receive any final tax assessments in 2020, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of Bureau of Internal Revenue as of December 31, 2020.

PREMIERE HORIZON ALLIANCE CORPORATION

2020 Sustainability Report in compliance with the SEC Sustainability Reporting Guidelines for Publicly Listed Companies

Contextual Information

Company Details	
Name of Organization	Premiere Horizon Alliance Corporation (“PHA”)
Location of Headquarters	1705 East Tower Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
Location of Operations	PHA and its subsidiaries conduct businesses in the Philippines particularly in Metro Manila, Baguio City and Dinagat Islands.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report covers PHA and its operating subsidiaries, Goshen Land Capital, Inc. (“GLCI”) and Premiere Georesources and Development Inc. (“PGDI”). The other subsidiaries, namely, (i) West Palawan Premiere Development Corp, (ii) Concepts Unplugged Business Environment Solutions (“CUBES”), Inc. (iii) Treasure Cove at Nagtabon Beach, Inc. (“TCNBI”), (iv) Pyramid Hill Mining & Industrial Corp. (“PHMIC”), (v) Palawan Star Mining Ventures, Inc. (vi) Premiere Horizon Business Services, Inc. (“PHBSI”), (vii) PH Mining and Development Corporation (“PHMDC”), (viii) PH Agriforest Corporation (“PHAC”), (ix) PH Big Bounty Entertainment, Inc. (“PBBEI”); and (x) Digiwave Solutions Incorporated (“DSI”) do not have commercial operations at this point. Hence, they were not included in this report except for the consolidated figures presented in the direct economic value generated and distributed. Data from GLCI and PGDI for the calendar year 2019 are consolidated where they are applicable and available. Data collection have been limited. Hence, the boundaries are further specified per disclosure.
Business Model, including Primary Activities, Brands, Products, and Services	PHA operates as a holding company with business interest in corporate finance, real estate development and mining.
Reporting Period	January 1, 2020 to December 31, 2020
Highest Ranking Person responsible for this report	Raul Ma. F. Anonas Corporate Information and Compliance Officer Ana Liza G. Aquino Investor Relations

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

The company conducted focused group discussions in order to assess the materiality process in determining the scope and the coverage in this Sustainability Report.

Stakeholder Engagement

The composition of the group includes capable and qualified members from the different companies including other stakeholders as consultants. The objective is to identify the important aspects of PHA, GLCI and PGDI (collectively referred to as the “Group”) aspects of the Group’s operations that have the most impact to its economic, social and environmental performances. Since the Company has just started its Sustainability Report and that the year covered is the Covid pandemic, some information and measurements are still being acquired and developed and are not yet available for this year’s report. This will be improved and updated in succeeding reports.

Report Boundary

The boundary of the report is limited to the Group and some of the other subsidiaries are not yet operational or have stopped operations as of reporting date. The members identified the key areas that are materially relevant for the Group to achieve sustainable operations in the long term. To engage the Group’s external stakeholders, Corporate Affairs works hand in hand with Investor Relations to capture investor expectations around sustainability.

Process Prioritization

The Group started collating baseline information for the calendar year 2020 as basis for measuring performance on each of the materiality topics identified. The GRI Reporting Standards and the SEC Guidelines were closely followed by the Group. Current management approaches of the Group, from operational targets to corporate policies were captured in order for the Group to improve the performance in these areas.

Analysis of data gaps of each material topic was also done. The objective is for the Group to closely monitor the non-financial performance in order to improve these in the future and do a focused target setting for all identified priority areas for this year and the coming years.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	423,656,077	PhP
Direct economic value distributed:		
a. Operating costs	560,490,598	PhP
b. Employee wages and benefits	122,942,226	PhP
c. Payments to suppliers, other operating costs	437,548,372	Php
d. Dividends given to stockholders and interest payments to loan providers	324,728,473	PhP
e. Taxes given to government	25,397,567	PhP
f. Investments to community (e.g. donations, CSR)	-	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The direct impact is through the Group's Sales and Operations. The Group's revenue is distributed through payment to contractors, suppliers, salaries and wages and benefits to employees and taxes due to the government.	*Employees, suppliers and government*	*The Group has adopted the following priority approach:* *1) Identify long-term growth targets of the Group in order to reach the yearly targets* *2) Develop and review on a regular basis the policies and actions to meet the targets* *3) Continuously identify and quantify all risks related to the policies and actions* *4) Regularly track results against targets and constantly improve projected results.*
The direct economic value is distributed to the community through increase in spending capability of suppliers and employees receiving economic value from the companies which value flows back to the society.	*Community, government*	*The Group will continue to develop community focused residential projects and provide employment and revenues to the local community and nearby communities. The Group also continue to support the community through donations and CSR activities.*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Risks identified are changes in government policies, laws, rules and regulations especially on the local level. These changes can affect the Group's business operations especially as it relates to the Group's real estate and mining operations which are very much dependent these policies. Another new risk that has been added is health risk because of the Covid-19 virus that resulted in a pandemic affecting not only the health of people but closed businesses and resulted in an economic crisis.	Customers, Suppliers, Creditors, Employees, Government	The Group make sure that compliance with these government regulations and policies is a top priority and that everyone will always be aware and informed of any changes. The Group is constantly apprised of any changes and will always take this into consideration in future plans and actions. For the Covid-19 health pandemic, corresponding health and safety protocols are put in place including work from home arrangements, alternate working schedule and provisions for safety materials and supplies.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There are also corresponding changes in government policies that present opportunities for the Group's businesses such as incentives on mass housing projects that can generate a sustainable rate of growth and potential expansion of operations. *Opportunities identified in the Covid-19 pandemic are related to cashless transactions and digital transformation.*	Customers, Suppliers, Creditors, Employees, Shareholders, Government, Partners	The Group is currently studying and developing a comprehensive strategic approach to maximize these opportunities and minimize the risks identified. Review of non-financial aspects and continuous improvement in the approach and mitigation is being done. *PHA has partnered with SquidPay Technology who are on the forefront of such opportunities amidst the pandemic.*

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities PHA's Board of Directors currently do not have	*Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such*	*Disclose how the organization identifies, assesses, and manages climate-related risks* Climate-related risks are assessed early on based on previous	*Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material*

specified roles and functions as it relates to climate-related risks. But the Group is working on adopting a policy that will include a committee with roles and responsibilities for the Board of Directors to oversee climate-related risks.	*information is material* Climate-related risks impacts on the Group's operations as it relates to the length and depth of rainy days. Too much rain impacts the continuous operations in mining and construction, limiting operational days.	year's experience. Provisions are made to advance work volume during the dry season to mitigate effects of the rainy season.	The Group is still in the process of putting together metrics and targets are it relates to climate-related risks and opportunities.
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term The Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	a) Describe the organization's processes for identifying and assessing climate- related risks The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process The Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.
b) Describe management's role in assessing and managing climate related risks and opportunities The Group currently has no formal process in identifying and assessing	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. The Group currently has no formal process in identifying	b) Describe the organization's processes for managing climate - related risks The Group currently has no formal process in identifying and assessing climate-	b) Describe the targets used by the organization to manage climate related risk and opportunities and performance against targets The Group is working

climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	85%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

Impact is on primary business operations of GLCI and PGDI. Procurement is done mostly from local communities and suppliers.	*Suppliers, contractors, service providers*	*Management approach used by the Group is the accepted ethical business practices as it applies to procurement of supplies and materials.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Insufficient volume from local suppliers, poor quality and delays in delivery.	*Suppliers, contractors, service providers*	*Established management controls as it relates to the procurement process and constant monitoring.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Cheaper products which lead to lower costs in procurement since local suppliers will have a cheaper delivery/transportation charges.	*Suppliers, contractors, service providers, Shareholders*	*Established management controls as it relates to the procurement process and constant monitoring*

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of directors and management that have received anti-corruption training	50%	%
Percentage of employees that have received anti-corruption Training	30%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Anti-corruption policies and procedure have a direct impact in the Group's operations as it relates to the supply chain. The Group makes sure that all employees and partners follow ethical business practices and ensure that corruption is prevented from occurring.	*Employees, Suppliers, Service Providers, Government*	*The Group ensures adherence to ethical business practices and compliance to all applicable laws, rules and regulations in order to prevent corruption and bribery from occurring in the Group's business operations.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
All potential corruption incidence will affect the Group's business reputation and can potentially increase operational costs. This can lead to lower share price as investors will shy away from the stock.	*Employees, Suppliers, Service Providers, Government, Shareholders*	As specified in the Group's Manual on Corporate Governance, corruption, dishonesty and other unlawful behavior are not condoned by the Group. The Group is strict in all directors, management and employees compliance to the Code of Conduct.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunities identified are improvement of the Group's current process and policies which can lead to better reputational image for the Group.	*Employees, Suppliers, Service Providers, Government, Shareholders*	The Group will continue to work on improving the current anti-corruption policies and procedures especially as it relates to the procurement process.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Any incidence of corruption can compromise the Group's business	*Employees, Suppliers, Service Providers, Government, Shareholders*	*The Group ensures adherence to ethical business practices and*

reputation and materially affect its operations especially in the workplace.		*compliance to all applicable laws, rules and regulations in order to prevent corruption and bribery from occurring in the Group's business operations.*

What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Any incidence of corruption can compromise the Group's business reputation and materially affect its operations especially in the workplace	*Employees, Suppliers, Service Providers, Government, Shareholders*	*The Group ensures adherence to ethical business practices and compliance to all applicable laws, rules and regulations in order to prevent corruption and bribery from occurring in the Group's business operations.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunities for improvement of the Group's policies and processes as it relates to anti-corruption practices.	*Employees, Suppliers, Service Providers, Government, Shareholders*	*The Group ensures adherence to ethical business practices and compliance to all applicable laws, rules and regulations in order to prevent corruption and bribery from occurring in the Group's business operations*

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy consumption (electricity)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy reduction (LPG)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy reduction (diesel)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy reduction (electricity)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kWh
Energy reduction (gasoline)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Consumption and use of electricity, gasoline, LPG and diesel has a direct impact on the environment as it relates to greenhouse CO2 emissions and corresponding air pollutants.	*Community, employees, suppliers, shareholders, government*	*The Group is formulating and will be closely monitoring its energy usage and will ensure that the business operations will focus on energy efficient measures.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Continuous high usage of these non-renewable energy sources poses risk on the environment and the Group's business operations as it relates to the costs of energy prices.	*Community, employees, suppliers, shareholders, government*	*The Group is formulating and will be closely monitoring its energy usage and will ensure that the business operations will focus on energy efficient measures.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Review of the Group's energy efficiency will lead to potential identification of other energy sources and plans to transition to renewable energy for long term sustainability.	*Community, employees, suppliers, shareholders, government*	*The Group will work on reviewing and identifying renewable energy alternatives for its current operations.*

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Cubic meters
Water consumption	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Cubic meters
Water recycled and reused	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Cubic meters

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group’s water consumption directly impacts the water supply of the locales and communities where the Group operates. Water conservation is highly important in its environmental impact on the community and the ecosystem. The Group will ensure that water conservation measures are in place in all its operations.	*Community, employees, suppliers, shareholders, government*	*Water conservation is highly important in its environmental impact on the community and the ecosystem. The Group will ensure that water conservation measures are in place in all its operations. Policies and procedures will be put in place to assure compliance.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Risks posed are water shortage which can impact continuous operations and potentially increase operational costs.	*Community, employees, suppliers, shareholders, government*	*Water conservation is highly important in its environmental impact on the community and the ecosystem. The Group will ensure that water conservation measures are in place in all its operations. Policies and procedures will be put in place to assure compliance.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunities identified are review and improvement of current water consumption, waste water management and other environmental conservation measures. These, when properly implemented, can lead to lower environmental footprint and potential lower costs for the Group.	*Community, employees, suppliers, shareholders, government*	*Water conservation is highly important in its environmental impact on the community and the ecosystem. The Group will ensure that water conservation measures are in place in all its operations. Policies and procedures will be put in place to assure compliance.*

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
renewable	0	kg/liters

non-renewable	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
The Group is currently not engaged in any manufacturing activities that use any substantial material.	*Community, employees, suppliers, shareholders, government*	*The Group is working on reducing its reliance on physical documents in order to reduce paper usage. The Group is also looking into using recyclable and biodegradable materials in its everyday office operations.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group is currently not engaged in any manufacturing activities.	*Community, employees, suppliers, shareholders, government*	*The Group is working on reducing its reliance on physical documents in order to reduce paper usage. The Group is also looking into using recyclable and biodegradable materials in its everyday office operations.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group is currently not engaged in any manufacturing activities.	*Community, employees, suppliers, shareholders, government*	*The Group is working on reducing its reliance on physical documents in order to reduce paper usage. The Group is also looking into using recyclable and biodegradable materials in its everyday office operations.*

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	ha
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	None	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*

[17] International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not Applicable	*Not Applicable*	*Not Applicable*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*

Air pollutants

Disclosure	Quantity	Units
NO_x	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
SO_x	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Persistent organic pollutants (POPs)	No sufficient data can be provided at this point but the Group is working on gathering the	kg

	information for future reports.	
Volatile organic compounds (VOCs)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Hazardous air pollutants (HAPs)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Particulate matter (PM)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group's business operations have negligible contribution to air pollutants. But the Group recognize the fact that air pollution can affect the health of the community and its employees.	*Employees, Community, Shareholders*	*The Group ensures that all its operations are in compliance to the standards mandated by the Clean Air Act. Regular maintenance is done to all the Groups machineries and vehicles to ensure reduction and mitigation of air pollutants.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group recognize the fact that air pollution can affect the health of the community and its employees	*Employees, Community, Shareholders*	*The Group ensures that all its operations are in compliance to the standards mandated by the Clean Air Act. Regular maintenance is done to all the Groups machineries and vehicles to ensure reduction and mitigation of air pollutants.*

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Group is working on improving its processes and policies and ensure that better technology and materials are used to reduce any potential harm to the environment as it relates to air pollution.	*Employees, Community, Shareholders*	*The Group ensures that all its operations are in compliance to the standards mandated by the Clean Air Act. Regular maintenance is done to all the Groups machineries and vehicles to ensure reduction and mitigation of air pollutants.*

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Reusable	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Recyclable	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Composted	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Incinerated	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Residuals/Landfilled	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group makes sure that all wastes generated by the operations of each company are disposed of properly and following standard environmental practice. Any deviation can result in regulatory sanctions which may lead to operations halt.	*Employees, Community, Suppliers, Government, Shareholders*	*The Group ensures that proper waste management and disposal are followed according to environmental and regulatory standards.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group makes sure that all wastes generated by the operations of each company are disposed of properly and following standard environmental practice.	*Employees, Community, Suppliers, Government, Shareholders*	*The Group ensures that proper waste management and disposal are followed according to environmental and regulatory standards.*

Any deviation can result in regulatory sanctions which may lead to operations halt.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group can work on reviewing and improving its waste disposal processes and be able to help in mitigating negative environmental impact.	*Employees, Community, Suppliers, Government, Shareholders*	*The Group ensures that proper waste management and disposal are followed according to environmental and regulatory standards.*

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	None	kg
Total weight of hazardous waste transported	None	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Cubic meters
Percent of wastewater recycled	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group recognize the negative impact of effluents in contaminating water supply if disposal is not properly done.	*Community, employees, shareholders*	*The Group ensures compliance to proper waste water disposal according to accepted environmental standards. The Group is also ensuring use of recycled water and set up of rainwater harvesting facilities in its projects.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group recognize the negative impact of effluents in contaminating water supply if disposal is not properly done.	*Community, employees, shareholders*	*The Group ensures compliance to proper waste water disposal according to accepted environmental standards. The Group is also ensuring use of recycled water and set up of rainwater harvesting facilities in its projects.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group identifies the opportunity of reviewing and implementing better waste water disposal and improvement of its facilities as it relates to waste water.	*Community, employees, shareholders*	*The Group ensures compliance to proper waste water disposal according to accepted environmental standards. The Group is also ensuring use of recycled water and set up of rainwater harvesting facilities in its projects.*

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Any non-compliance to environmental laws and regulations can directly impact the Group's operations through work stoppage, penalties, sanctions and ligitation.	*Community, employees, shareholders, government*	*The Group ensures that all its operations are in compliance with applicable environmental laws and regulations.*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Any non-compliance to environmental laws and regulations can directly impact the Group's operations through work stoppage, penalties, sanctions and ligitation.	*Community, employees, shareholders, government*	*The Group ensures that all its operations are in compliance with applicable environmental laws and regulations.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunities identified are improvement of the Group's policies and management control as it relates to environmental compliance of all its operations.	*Community, employees, shareholders, government*	*The Group ensures that all its operations are in compliance with applicable environmental laws and regulations.*

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[18]	507	
a. Number of female employees	55	#
b. Number of male employees	453	#
Attrition rate[19]	2.73	rate
Ratio of lowest paid employee against minimum wage	1.2	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	4.00%	0.68%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	100%	100%
Housing assistance (aside from Pag-ibig)	N	N/A	N/A
Retirement fund (aside from SSS)	N	N/A	N/A
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible-working Hours	N	N/A	N/A
(Others)	N	N/A	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the importance of good employee management as this directly impacts productivity and company growth.	*The Group ensures compliance to all labor standards and policies as stipulated by the Department of Labor and Employment (DOLE). All mandatory benefits are provided to all employees including additional ones as approved by the board.*

What are the Risk/s Identified?	Management Approach
Risk of attrition is a reality for the Group and losing the company's best employees will negatively affect productivity and growth.	Constant performance appraisals and evaluation are being done on all employees and corresponding benefits and incentives are identified.

What are the Opportunity/ies Identified?	**Management Approach**
Opportunities relate to improvement in the current company policies with regards to better employee benefits and incentives.	Improvement in the current company policies as it relates to better employee benefits and incentives in order to retain the Group best people and improve productivity and ensure long-term growth.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	0	hours
b. Male employees	0	hours
Average training hours provided to employees		
a. Female employees	0	hours/employee
b. Male employees	0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the importance and impact of training and development as this will upgrade he employees skills thereby improving productivity and ensuring long-term growth.	*Constant training and development is provided to all employees in order to keep their knowledge and skills up to date especially as it relates to new technology and practices.*
What are the Risk/s Identified?	**Management Approach**
Each hour of training outside an employee's regular work can affect work schedules and potential target achievements.	Trainings can be scheduled outside working hours and corresponding incentives can be given to employees to motivate them to attend these.
What are the Opportunity/ies Identified?	**Management Approach**
All trainings and skills development can lead to better productivity and result in business growth.	*Constant training and development is provided to all employees in order to keep their knowledge and skills up to date especially as it relates to new technology and practices.*

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes that good labor management relations and practices will ensure productivity and	*The Group maintains an open door policy as it relates to the concerns, suggestions and opinions of*

business growth.	*its employees. The Group ensures that these are discussed and addressed.*

What are the Risk/s Identified?	**Management Approach**
Unaddressed grievances and concerns can lead to labor suits and work stoppage thereby reducing productivity and business growth.	*The Group maintains an open door policy as it relates to the concerns, suggestions and opinions of its employees. The Group ensures that these are discussed and addressed.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	*The Group maintains an open door policy as it relates to the concerns, suggestions and opinions of its employees. The Group ensures that these are discussed and addressed.*

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	10	%
% of male workers in the workforce	90	%
Number of employees from indigenous communities and/or vulnerable sector*	2	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
The Group recognizes that diversity and equality in the workforce impact the business operations which leads to productivity improvement and long-term growth.	*The Group is an equal opportunity employer and do not discriminate based on gender, age, race or religion. Hiring and promotion assessments are done based on skills and performance. Disciplinary cases are decided based on the facts of the case and applicable company policies and labor laws.*

What are the Risk/s Identified?	**Management Approach**
Potential risks involve are conflicts and miscommunication brought about by diversity.	The Group will ensure that everyone is aware of the equal opportunity employer position of the companies and that continuous awareness trainings will be done to educate employees on diversity acceptance.
What are the Opportunity/ies Identified?	**Management Approach**
Improvement in the Group's policies as it relates to diversity and equality in the Group's human capital which can result in better productivity and business growth.	*The Group is an equal opportunity employer and do not discriminate based on gender, age, race or religion. Hiring and promotion assessments are done based on skills and performance. In fact, two of the Group's employees are PWDs.*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Work-related injuries can materially affect the Group's business operations. But the Group assures that all work set-ups follow the existing health and safety protocols.	*The Group ensures that all work set-ups follow the existing health and safety protocols, and that all are compliant to existing rules and regulations as set forth by the government.*
What are the Risk/s Identified?	**Management Approach**
The Group's failure to meet health and safety standards and follow all existing laws and regulations can result in work stoppage and corresponding lawsuits.	*The Group ensures that all work set-ups follow the existing health and safety protocols, and that all are compliant to existing rules and regulations as set forth by the government.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	*The Group ensures that all work set-ups follow the existing health and safety protocols, and that all are compliant to existing rules and regulations as set forth by the government.*

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	The Group ensures compliance to existing labor standards and policies as it relates to forced labor.
Child labor	N	The Group ensures compliance to existing labor standards and policies as it relates to child labor.
Human Rights	N	The Group ensures compliance to existing labor standards and policies as it relates to human rights

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the Organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	The Group does not have a formal supplier accreditation policy yet but we are in the process of formulating one that will ensure best practice and sustainability compliance of all suppliers who will be accredited.
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the fact that good supply chain management will materially impact the business operations.	*The Group is in the process of formalizing its policies with regards to sustainable supply chain practices and ensures that its employees comply to responsible sourcing for all its supplies.*

What are the Risk/s Identified?	Management Approach
Risks associated with this material topic is non-delivery of the needed goods and services which can result in work stoppage and impact revenues and costs.	*The Group is in the process of formalizing its policies with regards to sustainable supply chain practices and ensures that its employees comply to responsible sourcing for all its supplies.*
What are the Opportunity/ies Identified?	**Management Approach**
The Group recognizes the opportunity of reviewing and improving its supply chain management.	*The Group is in the process of formalizing its policies with regards to sustainable supply chain practices and ensures that its employees comply to responsible sourcing for all its supplies.*

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Not Applicable	Not Applicable	Not Applicable	N	Not Applicable	Not Applicable

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

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

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

What are the Risk/s Identified?	Management Approach
Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	Not Applicable

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	None	No

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not Applicable	*Not Applicable*
What are the Risk/s Identified?	**Management Approach**
Not Applicable	*Not Applicable*
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	*Not Applicable*

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not Applicable	*Not Applicable*
What are the Risk/s Identified?	**Management Approach**
Not Applicable	*Not Applicable*
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	*Not Applicable*

Marketing and labelling

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not Applicable	*Not Applicable*
What are the Risk/s Identified?	**Management Approach**
Not Applicable	*Not Applicable*
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	*Not Applicable*

Customer privacy

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
PHA as a holding company do not have any direct customers. It is the customer management and satisfaction for GLCI that can potentially affect the Group's business and reputation.	*The Group ensures that customer experience is positive and that any concerns and complaints are speedily addressed.*
What are the Risk/s Identified?	**Management Approach**
Complaints can lead to back-outs and loss in sales especially for GLCI with regards to its real estate projects.	*The Group ensures that customer experience is positive and that any concerns and complaints are speedily addressed.*
What are the Opportunity/ies Identified?	**Management Approach**
Satisfied customers can lead to upsells for other products and positive word of mouth.	*The Group ensures that customer experience is positive and that any concerns and complaints are speedily addressed. Dedicated employees and teams handle customer service.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the vital importance of data security to its business operations.	*The Group ensures compliance to all existing laws, rules and regulations as it relates to data privacy and the operations ensure implementation of the*

	Data Privacy Act.

What are the Risk/s Identified?	Management Approach
Any data breach will pose operational risks to the Group. Sensitive and confidential information once leaked will affect not only the company's reputation but also its future operations and plans.	*The Group ensures compliance to all existing laws, rules and regulations as it relates to data privacy and the operations ensure implementation of the Data Privacy Act. Corresponding data security measures are also being put in place.*

What are the Opportunity/ies Identified?	Management Approach
Opportunity to constantly improve the Group's data management system and security.	*The Group ensures compliance to all existing laws, rules and regulations as it relates to data privacy and the operations ensure implementation of the Data Privacy Act. Corresponding data security measures are also being put in place.*

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Horizontal and Vertical Projects (Lots and Housing)	The Group through GLCI provide families the opportunity of owning a home and in the cool climes of Baguio City which is considered to be the summer capital of the Philippines. The homes that were built by the Company not only provide shelter for the buyers but also passive income for those who choose to rend them out.	Apart from the environmental, social, and economic impacts identified above, the Group sees no further material impacts of this product to SDGs.	Nothing material that the Group could identify
Master planned mixed-use developments and townships	The Group through GLCI created master planned communities providing not only shelter but communities fostering to specific groups and demographics. The company's North Cambridge project put together a community catering to students while the Courtyards project is	Apart from the environmental, social, and economic impacts identified above, the Group sees no further material impacts of this product to SDGs.	Nothing material that the Group could identify

	a master-planned resort-style community for families and retirees.		

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