CR03244-2022

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, 2021
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	5,167,376,496

11. Are any or all of registrant's securities listed on a Stock Exchange?
    - [x] 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)

◉ Yes ○ No

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

○ Yes ◉ No

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

-

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

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

○ Yes ◉ No

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

-

Premiere Horizon
Invigorating the Countryside

Premiere Horizon Alliance Corporation

PHA

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2021
Currency	Php 000

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2021	Dec 31, 2020
Current Assets	1,365,508	1,460,013
Total Assets	3,770,250	3,896,796
Current Liabilities	1,293,709	1,812,553
Total Liabilities	2,281,296	2,683,243
Retained Earnings/(Deficit)	135,971	183,798
Stockholders' Equity	1,488,954	1,213,553
Stockholders' Equity - Parent	1,133,760	867,906
Book Value Per Share	0.22	0.39

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2021	Dec 31, 2020
Gross Revenue	349,118	722,538
Gross Expense	446,918	690,621
Non-Operating Income	100,676	371,252
Non-Operating Expense	114,156	188,637
Income/(Loss) Before Tax	-111,280	214,531
Income Tax Expense	-69,093	104,491
Net Income/(Loss) After Tax	-42,187	110,041
Net Income/(Loss) Attributable to Parent Equity Holder	-47,827	97,338
Earnings/(Loss) Per Share (Basic)	-0.01	0.05
Earnings/(Loss) Per Share (Diluted)	-0.01	0.05

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2021	Dec 31, 2020
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.06	0.81
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.29	0.24
Solvency Ratio	**Total Assets / Total Liabilities**	1.65	1.45
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.18	0.31

Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.46	0.99
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	0	2.22
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	2.53	3.21
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.23	0.29
Net Profit Margin	Net Profit / Sales	-0.12	0.15
Return on Assets	Net Income / Total Assets	-0.01	0.03
Return on Equity	Net Income / Total Stockholders' Equity	-0.03	0.09
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	-60.74	22.74

Other Relevant Information

The amendment is to attach the Parent Financial Statements and to correct the fiscal year ended in the attached SEC Form 17-A.

Filed on behalf by:

Name	Paolo Antonio Martinez
Designation	Asst. Vice President, Group Financial Controller, Deputy Chief Information Officer, Data Protection Officer

Gmail Premiere Horizon <premierehorizon@gmail.com>

SEC CiFSS-OST Initial Acceptance

1 message

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph> Tue, May 17, 2022 at 7:48 AM

Greetings!

SEC Registration No: 0000147584
Company Name: PREMIERE HORIZON ALLIANCE CORPORATION
Document Code: AFS

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

Thank you.

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City,
1307, Metro Manila, Philippines

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5	2	4	1	2

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
AACFS	CRMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.premierehorizonalliance.com	(02) 8632-7714	Not Applicable

No. of Stockholders	Annual Meeting	Calendar Year (Month / Day)
130	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	Mobile Number
Mr. Raul Ma. F. Anonas	Not Applicable	(02) 8632-7715	Not Applicable

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 shall not excuse the corporation from liability for its deficiencies.*

Premiere Horizon
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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, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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.

Reyes Tacandong & Co. and SyCip Gorres Velayo & 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

ROBERTO B. ORTIZ
President & CEO

BRANDON BENITO P. LEONG
Treasurer

Signed this 16th day of May 2022

SUBSCRIBE AND SWORN TO BEFORE ME THIS
AT PASIG CITY MAY 1 6 2022 BY THE
ABOVE AFFIANT/S.
DOC. NO. 253
PAGE NO. 52
BOOK NO. 29
SERIES OF 22

ATTY. LETICIA M. AMON
Notary Public
Pasig Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR BCE No. 8121781 / 01-03-22
Lifetime IBP Member No. 04246
Official Receipt No. 574709, IBP Chapter
MCLE Compliance No. VII-0000050 /
Ground Flr. Armal Center, U. Velasco Ave.,
Malinao, Pasig City

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone +632 8 982 9100
Fax +632 8 982 9111
Website www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine Securities and Exchange Commission (SEC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2021. 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.

Valuation of Investment Properties at Fair Value
Investment properties which consist of parcels of land in Puerto Princesa, Palawan are measured using the fair value model. As at December 31, 2021, investment properties amounting to ₱1,692.0 million represent 45% of the total consolidated assets. Moreover, the determination of the fair values of these properties involves significant management judgment and estimations and requires the assistance of external appraisers whose calculations depend on assumptions.

We evaluated the competence and capabilities of the external appraiser by considering their qualifications, experience and reporting responsibilities. We also reviewed the appropriateness and reasonableness of the methodology and key assumptions used in the valuation of the investment properties. We also checked the adequacy of the related disclosures in Note 3, *Significant Judgments, Accounting Estimates and Assumptions* and Note 10, *Investment Properties* to the consolidated financial statements.

Recoverability of Deferred Exploration Costs
At each reporting date, the Group is required to assess whether facts and circumstances indicates that the carrying amount of the deferred exploration costs exceeds its recoverable amounts. As at December 31, 2021, deferred exploration costs amounting to ₱413.8 million is considered significant to the consolidated financial statements. Moreover, the assessment of the commercial viability of the reserves involves significant management judgment and estimates.

We obtained and reviewed management's assessment on whether there is any indication that deferred exploration costs may be impaired. We reviewed the status of the exploration project as at December 31, 2021 and obtained the licenses and permits to determine that the period for which the Group has the right to explore has not expired. We also checked the status of the application of the renewal of licenses and permits of the exploration project and inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued. Moreover, we inspected the contracts and agreements, budget for exploration and development costs and the most recent financial projections of the Group. We also checked the adequacy of the related disclosures in Note 9, *Deferred Exploration Costs* to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

Other Matter

The consolidated financial statements of the Group as at December 31, 2020 and for the years ended December 31, 2020 and 2019 were audited by another auditor whose report dated May 27, 2021, expressed an unmodified opinion on those consolidated financial statements.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess 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 evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 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 auditors' 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 auditors' report is Emmanuel V. Clarino.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2019
Valid until October 16, 2022
PTR No. 8851704
Issued January 3, 2022, Makati City

May 16, 2022
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Comparative Figures for 2020)

	Note	2021	2020
ASSETS			
Current Assets			
Cash	5	**₱89,845,913**	₱124,523,167
Receivables	6	**76,618,617**	66,624,113
Current portion of contract assets	6	**207,165,921**	250,548,433
Real estate for sale	7	**765,386,058**	831,734,159
Other current assets	8	**226,491,288**	186,582,888
Total Current Assets		**1,365,507,797**	1,460,012,760
Noncurrent Assets			
Contract assets - net of current portion	7	**108,212,116**	65,945,420
Deferred exploration costs	9	**413,812,603**	403,751,500
Investment properties	10	**1,692,025,000**	1,666,388,000
Property and equipment	11	**135,109,701**	231,177,984
Goodwill and intangible assets	12	**18,945,816**	19,351,317
Right-of-use assets	31	**10,646**	680,526
Deferred tax assets	27	**25,924,291**	35,678,603
Other noncurrent assets	13	**10,702,007**	13,809,782
Total Noncurrent Assets		**2,404,742,180**	2,436,783,132
		₱3,770,249,977	₱3,896,795,892

	Note	2021	2020
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	14	**₱254,554,632**	₱225,962,500
Current portion of:			
Loans payable	15	**231,249,398**	311,366,820
Convertible loans	18	**100,000,000**	400,370,775
Callable loans	19	**22,000,000**	15,000,000
Purchased land payable	16	**5,677,930**	18,102,930
Obligations under finance lease	17	**714,769**	528,206
Lease liability	31	**243,454**	679,649
Installment payable	17	**–**	17,055,586
Trade and other payables	20	**575,651,668**	748,927,393
Contract liabilities	4	**36,876,706**	7,819,623
Dividend payable	23	**39,800,000**	39,800,000
Current portion of capital gains tax payable	27	**26,940,000**	26,940,000
Total Current Liabilities		**1,293,708,557**	1,812,553,482

(Forward)

	Note	2021	2020
Noncurrent Liabilities			
Noncurrent portion of:			
Loans payable	15	**₱64,042,349**	₱39,998,273
Loans from third parties	14	–	8,000,000
Loans from officers and shareholders	14, 21	–	64,500,000
Lease liability	31	–	185,488
Convertible loans	18	–	94,635,393
Callable loans	19	–	7,000,000
Pension liabilities	22	**28,695,553**	34,022,105
Deposit for future stock subscription	23	**465,231,457**	113,000,000
Deferred tax liabilities	27	**429,617,606**	509,347,791
Total Noncurrent Liabilities		**987,586,965**	870,689,050
Total Liabilities		**2,281,295,522**	2,683,242,532
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	23	**800,650,526**	563,529,313
Additional paid-in capital	23	**186,224,855**	117,452,141
Retained earnings	23	**135,971,303**	183,798,260
Cumulative remeasurement gain on pension liabilities	22	**10,913,571**	3,125,901
		1,133,760,255	867,905,615
Noncontrolling Interests	23	**355,194,200**	345,647,745
Total Equity		**1,488,954,455**	1,213,553,360
		₱3,770,249,977	₱3,896,795,892

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
REVENUES	4			
Real estate sales	15, 16	**₱173,933,534**	₱479,301,585	₱79,101,295
Mining-related services	34	**174,681,141**	241,736,071	340,166,458
Service income		**502,880**	1,499,950	4,388,324
		349,117,555	722,537,606	423,656,077
COSTS OF SALES AND SERVICES				
Cost of services	24	**193,095,545**	210,593,090	252,105,301
Cost of real estate sales	4, 7	**74,080,684**	301,263,375	99,493,674
		267,176,229	511,856,465	351,598,975
GROSS PROFIT		**81,941,326**	210,681,141	72,057,102
GENERAL AND ADMINISTRATIVE EXPENSES	25	**179,741,761**	178,764,420	208,891,623
OTHER INCOME (CHARGES)				
Interest expense	28	**(114,156,340)**	(172,464,352)	(317,964,891)
Unrealized gain on fair valuation of investment properties	10	**25,637,000**	367,920,000	816,485,000
Interest income	5, 6	**2,680,377**	3,332,103	6,289,729
Impairment losses	26	**–**	(11,666,216)	(58,528,808)
Others - net	34	**72,359,093**	(4,506,912)	(13,761,610)
		(13,479,870)	182,614,623	432,513,420
INCOME (LOSS) BEFORE INCOME TAX		**(111,280,305)**	214,531,344	295,678,899
PROVISION FOR (BENEFIT FROM) INCOME TAX	27	**(69,093,173)**	104,490,597	224,482,061
NET INCOME (LOSS)		**(42,187,132)**	110,040,747	71,196,838
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent years:				
Remeasurement gain (loss) on defined benefit obligation - net of tax	22	**11,694,300**	(2,313,070)	(8,437,064)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱30,492,832)**	₱107,727,677	₱62,759,774
Net income (loss) attributable to:				
Equity holders of the Parent Company		**(₱47,826,957)**	₱97,338,426	₱238,120,942
Noncontrolling interests	23	**5,639,825**	12,702,321	(166,924,104)
		(₱42,187,132)	₱110,040,747	₱71,196,838
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		**(₱40,039,287)**	₱95,547,517	₱232,066,432
Noncontrolling interests		**9,546,455**	12,180,160	(169,306,658)
		(₱30,492,832)	₱107,727,677	₱62,759,774
Basic Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company	30	**(₱0.0219)**	₱0.0484	₱0.1266
Diluted Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company	30	**(₱0.0219)**	₱0.0484	₱0.1141

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
CAPITAL STOCK - ₱0.25 par value	23			
Balance at beginning of year		**₱563,529,313**	₱497,620,222	₱472,715,222
Additional subscription		**237,121,213**	65,909,091	–
Collection of subscription receivable		**–**	–	24,905,000
Balance at end of year		**800,650,526**	563,529,313	497,620,222
ADDITIONAL PAID-IN CAPITAL	23			
Balance at beginning of year		**117,452,141**	97,020,326	66,073,918
Additional subscription		**75,878,790**	21,090,909	–
Stock issuance costs		**(7,106,076)**	(659,094)	–
Disposal of parent company shares held by a subsidiary		**–**	–	30,946,408
Balance at end of year		**186,224,855**	117,452,141	97,020,326
RETAINED EARNINGS	23			
Balance at beginning of year		**183,798,260**	86,459,834	(151,661,108)
Net income (loss)		**(47,826,957)**	97,338,426	238,120,942
Balance at end of year		**135,971,303**	183,798,260	86,459,834
CUMULATIVE REMEASUREMENT GAIN ON PENSION LIABILITIES	22			
Balance at beginning of year		**3,125,901**	4,916,810	10,971,320
Remeasurement gain (loss) on defined benefit obligation		**7,787,670**	(1,790,909)	(6,054,510)
Balance at end of year		**10,913,571**	3,125,901	4,916,810
PARENT COMPANY SHARES HELD BY A SUBSIDIARY	23			
Balance at beginning of year		**–**	–	(120,226,315)
Disposal of parent company shares held by a subsidiary		**–**	–	120,226,315
Balance at end of year		**–**	–	–
NONCONTROLLING INTERESTS	23			
Balance at beginning of year		**345,647,745**	333,467,585	502,774,243
Net income (loss)		**5,639,825**	12,702,321	(166,924,104)
Remeasurement gain (loss) on defined benefit obligation	22	**3,906,630**	(522,161)	(2,382,554)
Balance at end of year		**355,194,200**	345,647,745	333,467,585
		₱1,488,954,455	₱1,213,553,360	₱1,019,484,777

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱111,280,305)**	₱214,531,344	₱295,678,899
Adjustments for:				
Interest expense	28	**114,156,340**	172,464,352	317,964,891
Depreciation and amortization	11, 31	**87,393,146**	92,714,858	115,084,790
Unrealized gain on fair valuation of investment properties	10	**(25,637,000)**	(367,920,000)	(816,485,000)
Pension costs	22	**5,580,269**	5,982,458	3,169,793
Interest income	5, 6	**(2,680,377)**	(3,332,103)	(6,289,729)
Loss (gain) on disposal of property and equipment	11	**417,573**	(3,061,431)	(329,896)
Gross profit from sale in exchange for extinguishment of loans	15, 16	**–**	(166,622,424)	–
Impairment losses	26	**–**	11,666,216	58,528,808
Operating income (loss) before working capital changes		**67,949,646**	(43,576,730)	(32,677,444)
Decrease (increase) in:				
Receivables and contract assets		**(8,878,688)**	369,770,171	468,225,125
Real estate for sale		**66,348,101**	(41,893,908)	98,903,683
Other current assets		**(39,908,400)**	(58,831,823)	(42,010,058)
Increase (decrease) in:				
Trade and other payables		**(197,963,832)**	152,470,142	(112,719,986)
Purchased land payable		**(12,425,000)**	(26,400,000)	(51,503,031)
Contract liabilities		**29,057,083**	(4,090,814)	(17,782,437)
Net cash generated from (used for) operations		**(95,821,090)**	347,447,038	310,435,852
Interest paid		**(112,099,192)**	(167,386,086)	(324,728,473)
Interest received		**2,680,377**	3,332,103	6,289,729
Income taxes paid		**(95,221)**	(5,379,165)	(10,556,972)
Net cash provided by (used in) operating activities		**(205,335,126)**	178,013,890	(18,559,864)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to deferred exploration costs	9	**(10,061,103)**	(13,554,200)	–
Proceeds from sale of property and equipment	11	**10,819,281**	3,595,136	329,896
Additions to (reductions) in other noncurrent assets		**3,107,775**	3,941,436	(7,791,200)
Acquisitions of property and equipment	11	**(1,486,336)**	(71,040,249)	(90,505,752)
Net cash provided by (used in) investing activities		**2,379,617**	(77,057,877)	(97,967,056)

(Forward)

	Note	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Issuance of capital stock	23	**₱305,893,927**	₱86,340,906	₱–
Deposits for future stock subscriptions	23	**22,919,564**	113,000,000	–
Availment of:				
Short-term loans	14	**28,778,695**	–	31,500,000
Callable loans	19	–	–	7,000,000
Sale of Parent Company shares held by a subsidiary	23	–	–	151,172,723
Collection of subscription receivables	23	–	–	24,905,000
Payments of:				
Loans payable	15	**(147,622,763)**	(243,256,061)	(49,159,674)
Convertible loans	18	**(41,006,168)**	(4,500,000)	(14,000,000)
Principal portion of lease liability	31	**(685,000)**	(684,999)	(652,379)
Short-term loans	14	–	(7,062,500)	(16,195,000)
Obligation under finance lease	17	–	(1,832,621)	(5,461,577)
Net cash provided by (used in) financing activities		**168,278,255**	(57,995,275)	129,109,093
NET INCREASE (DECREASE) IN CASH		**(34,677,254)**	42,960,738	12,582,173
CASH AT BEGINNING OF YEAR		**124,523,167**	81,562,429	68,980,256
CASH AT END OF YEAR		**₱89,845,913**	₱124,523,167	₱81,562,429

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Information for 2020 and 2019)

1. **General Information**

Corporate Information

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 and secondary purpose, as changed, is to engage in business activities relating to entertainment, gaming, hotel, and leisure and to expand to mining and real estate industries, respectively.

On August 10, 2016, the SEC approved the change in the Parent Company's primary purpose to that of an investment holding company and the relegation of the primary purpose to the secondary purposes.

The Parent Company and its subsidiaries (collectively referred herein 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.

As at December 31, 2021, 2020 and 2019, the subsidiaries of the Parent Company, which are all incorporated in the Philippines, are as follows:

		Percentage of Ownership		
	Industry	Direct	Indirect	Total
West Palawan Premiere Development Corp. (WPP)	Real estate	100	–	100
Treasure Cove at Nagtabon Beach, Inc. (TCNBI)	Real estate	–	100	100
Premiere Georesources and Development Inc. (PGDI)	Mining	69	–	69
Pyramid Hill Mining & Industrial Corp. (PHMIC)	Mining	–	68	68
Palawan Star Mining Ventures, Inc. (PSMVI)	Mining	–	68	68
Goshen Land Capital, Inc. (GLCI)	Real estate	55	–	55
Concepts Unplugged: Business Environment Solutions (CUBES), Inc.	Management , investment and/or technical solutions	51	–	51
Premiere Horizon Business Services, Inc. (PHBSI)*	Human resource management	100	–	100
PH Mining and Development Corporation (PHMDC)*	Mining	100	–	100
PH Agriforest Corporation (PHAC)*	Forestry	100	–	100
PH Big Bounty Entertainment, Inc. (PBBEI)*	Amusement	100	–	100
Digiwave Solutions Incorporated (DSI)*	Information technology	100	–	100

**Non-operating*

The consolidated financial statements as at and for the year ended December 31, 2021 (with comparative figures for 2020 and 2019) were approved and authorized for issuance by the Board of Directors (BOD) on May 16, 2022, as recommended for approval by the Audit Committee on May 13, 2022.

Status of Operations and Management Plans

The Group's financial position and financial performance of the Group were affected by the Corona Virus Disease (COVID-19) pandemic resulting in a liquidity gap on its currently maturing liabilities of ₱1.8 billion as at December 31, 2020. The liquidity gap on currently maturing liabilities is the excess of the current financial liabilities against current financial assets. This condition may cast a significant doubt on the ability of the Company to continue as a going concern.

In 2021, the Group has undertaken the following initiatives:

- PHA increased its authorized capital stock from ₱563.6 million divided into 2,254,224,000 common shares at ₱0.25 par value a share to ₱1.5 billion divided into 6,000,000,000 common shares at ₱0.25 par value share. This was approved by the SEC on May 28, 2021. A new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in PHA at ₱0.33 a share for a total consideration of ₱925.0 million, of which, ₱300.0 million was to be paid for in cash and the balance for a period of two years in either a combination of cash and/or infusion of SquidPay Technology, Inc (SPTI) shares, with the intent of making SPTI a subsidiary (see Note 23). Of the amount to be paid for in cash, ₱300.0 million has been received as at December 31, 2021.

- PHA entered into a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of ₱2.5 billion over the next 36 months. Under the Put Option Agreement, PHA may, in its sole discretion issue a "Put Option Notice" (PON) under certain terms and conditions. LDA agrees to honor Put Option Notices from PHA based on the agreed per share subscription price. On October 15, 2021, LDA subscribed to 70,835,000 new primary shares of PHA at a subscription price of ₱1.01 per share. The subscription price of ₱71.5 million was fully paid and recognized as "Deposit for future stock subscription" (see Note 23).

- Convertible notes holder exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares. These converted notes were reclassified to deposit for future stock subscriptions, pending approval of the SEC of the valuation (see Note 18).

- Other initiatives are:
    - Negotiate principal payment extensions and deferrals with creditors;
    - Secure loans with the Group assets; and
    - Reduction and efficient management of operating expenses.

With these initiatives, the Group has been able to improve its financial position and expects that it will be able to improve its financial performance as well. Accordingly, the Group has prepared its financial statements on a going concern basis.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

In December 2020, the SEC issued Memorandum Circular (MC) No. 34, Series of 2020, which further extended the deferral of application of the provisions of Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2018-12 with respect to accounting for significant financing component and exclusion of land in the calculation of percentage of completion (POC) and IFRIC Agenda Discussion on over time transfers of constructed goods under PAS 23, *Borrowing Cost*, for another period of three years or until 2023.

The Group opted to avail the relief in connection with the accounting for significant financing component. The impact of the application of such financial reporting relief is discussed in "Adoption of Amendments to PFRS and PIC Issuances Issued but Not Yet Effective or Adopted" section of notes to the consolidated financial statements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All amounts are rounded to the nearest thousands unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investment properties which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange of assets and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- 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.

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in Notes 10 and 32.

Adoption of Amendment to PFRS and PIC Issuances

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendment to PFRS and PIC issuances which the Group adopted effective for annual periods beginning on or after January 1, 2021:

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021. The Group applied the practical expedient in its consolidated financial statements for the year ended December 31, 2020.

  Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19 related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The 2021 amendment is mandatory for entities that elected to apply the previous amendment. Accordingly, the Group has applied the amendment in the 2021 consolidated financial statements.

- *PIC Q&A 2018-12 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-05) - Treatment of Uninstalled Materials in the Calculation of POC* – The PIC Q&A provides guidance in recognizing revenue using a cost-based input method. Customized materials should be included in the measurement of the progress of work while materials that are not customized should be excluded.

- *PIC Q&A 2018-12-H Accounting for Common Usage Service Area (CUSA) Charges* – The PIC Q&A provides guidance in assessing whether a real estate developer is acting as a principal or agent in certain services to its tenants. The assessment considers the indicators of when an entity controls the specified service (and is, therefore, a principal) such as whether the entity is primarily responsible for fulfilling the promise to provide the service, whether the entity has inventory risk and whether the entity has discretion in establishing the price.

- *PIC Q&A 2018-12-E Treatment of Land in the Determination of the POC* – The PIC Q&A clarified that the cost of the land should be excluded in measuring the POC of performance obligation and should be accounted for as fulfillment cost.

- *PIC Q&A 2020-05 Accounting for Cancellation of Real Estate Sales* – Under this PIC Q&A the sales cancellation and repossession of the property may be accounted by using any of the three approaches (a) the repossessed property is recognized at fair value less cost to repossess; (b) the repossessed property is recognized at fair value plus repossession cost; or (c) the cancellation is accounted for as a modification of the contract where the Group will have to reverse the previously recognized revenues and related costs. The approach selected shall be applied consistently.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry* – 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 International Financial Reporting Standards 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 PAS 23 considering that these inventories are ready for their intended sale in their current condition.

The adoption of the foregoing amendment to PFRS 16 and PIC issuances did not have any material effect on the consolidated financial statements. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

Amendments to PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted
Relevant amendments to PFRS and PIC issuances which are not yet effective and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments 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 an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgments*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier 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 a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

- PIC Q&A 2018-12-D, *PFRS 15 Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-04).* On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of "assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)" until December 31, 2023.

  The Group availed of the SEC relief with respect to accounting for significant financing component. The adoption of this guidance would have an impact to the interest income (expense), revenue from real estate sales, contract assets, income tax and the opening balance of retained earnings in the year of adoption. The Group is still assessing if the mismatch between the POC and right to an amount of consideration constitutes a significant financing component.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS and PIC issuances, except for the potential impact of assessing if the transaction price includes a significant financing component, is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

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; and
- The Parent Company's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NCI represents the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. NCI represent the equity interest in PGDI, GLCI and CUBES not held by the Parent Company.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

If the Parent Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statement of comprehensive income.

Business Combinations and Goodwill. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under 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 acquirer measures 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" account in the consolidated statement of comprehensive income.

For accounting similar to pooling of interest method, the assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur, and for any comparative periods presented, are included in the consolidated financial statements of the Group at their carrying amounts as if the combinations had occurred from the date when the acquired companies first became under the control of the Group. The excess of the net carrying amounts of the assets and liabilities of the acquired companies over the cost of business combinations is recognized under "Excess of net assets over acquisition cost of acquired subsidiaries" account in the equity section of the consolidated statement of financial position.

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. 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. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest 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 reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of comprehensive income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group measures in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group also recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

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 cash generating units (CGU), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment*.

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

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which the goodwill relates. When the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the goodwill is allocated. These budgets and forecasts calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

When goodwill has been allocated to a cash generating unit or group of cash generating units and part of the operations within the 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 operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

When business combination involves more than one exchange transaction (occurs in stages), each exchange transaction is treated separately by the Company, using the cost of transaction and fair value information at the date of each exchange transactions, to determine the amount of goodwill associated with that transaction. Any adjustment to fair value relating to the previously held interest is a revaluation and is accounted for as such.

When subsidiaries are sold, the difference between the selling price and the net assets plus goodwill is recognized in profit or loss.

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.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in 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 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

As at December 31, 2021 and 2020, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Group's cash, contract receivables, trade receivables, security deposits and receivable from PAGCOR (presented as part of "Other noncurrent assets").

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Group's trade and other payables, short-term loans, purchased land payable, loan payable, installment payable, callable loans, convertible loans, lease liability and dividends payable.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers a financial asset in default when contractual payments 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.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

Trade Receivables and Contract Assets. The Group has applied the simplified approach in measuring the ECL on trade receivables and contract assets. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group 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 and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

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

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

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

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

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is 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 assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity

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

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

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

Real Estate for Sale and Land and Development Costs

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 inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include:

- Cost of the land;
- Construction and development costs; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads 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 specifically identifiable costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Other Current Assets

This account mainly consists of creditable withholding taxes (CWT), advances to suppliers and contractors, excess of input value-added tax (VAT) over output VAT and supplies, among others.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount. CWT that are expected to be utilized as payment for income taxes beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

Advances to Suppliers and Contractors. Advances to suppliers and contractors represent advance payments on goods and services to be incurred in connection with the Group's projects and operation. These are charged to expense or capitalized to projects in the consolidated statement of financial position, upon actual receipt of services or goods. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers. Refundable advances to contractors and suppliers are classified as financial assets. Advance payments to suppliers and contractors that will be applied against future billings or expected to be refunded beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statement of financial position.

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.

Supplies. Supplies consist of spare parts for the day to day repairs and maintenance of the Group's property and equipment. These are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. Net realizable value is the current replacement cost.

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 Sheriffs 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.

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 statement 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.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is stated at cost less accumulated impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when 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 additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Office space building and office space improvements	5–10 years
Heavy equipment	5–8 years
Leasehold improvements	5 years or the term of the lease, whichever is shorter
Furniture and fixtures	2–5 years
Transportation equipment	5 years
Office and other equipment	3–5 years

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Construction in progress, which includes cost of construction and other direct costs, is stated at cost and is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the assets for their intended use are completed and the assets are available for use.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of comprehensive income in the year 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 treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from the 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 consolidated statement 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.

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 estimated useful life of ten (10) years.

Impairment of Nonfinancial Assets (excluding Goodwill)
Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the 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 (CGU) 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.

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

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.

Deposit for Future Stock Subscription
Deposits for future stock subscription represent funds received by the Parent Company from an existing stockholder to be applied as payment for subscription of unissued shares or shares from the increase in authorized capital stock.

The Parent Company shall classify a contract to deliver its own equity instruments under equity as a separate account from outstanding capital stock, if and only if, all of the following elements are present as at reporting date:

a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

b) There is BOD and stockholders approval on the proposed increase in the authorized capital stock (for which a deposit was received by the corporation); and

c) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If the foregoing conditions are not met, the deposits for future stock subscription are presented as a liability.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Equity component of convertible instruments are also included in additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

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

Parent Company Shares Held by a Subsidiary
Parent's shares which are held by a subsidiary are treated similar to treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in additional paid-in capital.

NCI
NCI represents the portion of profit or loss and the net assets not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from total equity attributable to owners of the Parent Company. Any losses applicable to a non-controlling shareholder of a consolidated subsidiary in excess of the non-controlling shareholder's equity in the subsidiary are charged against the NCI even if this results in NCI having a deficit.

NCI represent the equity interest in PGDI, GLCI and CUBES not held by the Parent Company.

Retained Earnings
Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends declared to date.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Sale of Real Estate. 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).

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.

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.

Contract Balances

Receivables (Including Installment 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). It also includes the difference between the considerations received from the customer and the transferred goods or services to a customer.

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 or the payment is due (whichever is earlier). 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 and payments in excess of percentage of completion.

Cost to Obtain a Contract. 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 comprehensive 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, judgment 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 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, judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Mining Related Services. Revenue from mining related services represents earnings from the operation of the Group's hauling services and equipment rental which are recognized over time as the services are rendered. The Group bills a fixed amount for every output delivered and recognizes revenue in the amount for which it has the right to invoice.

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

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 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 income is recognized as the interest accrues using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount. Interest income from bank deposits is recognized as it accrues.

Cost and Expense Recognition

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

Cost of Real Estate Sold. Cost of real estate sold is recognized consistent with the revenue recognition method applied. Cost of real estate sold includes all direct materials and labor costs, and those indirect costs related to contract performance. Cost of real estate sold before the completion of the development includes estimated costs for future development work, all estimated by the Parent Company's project engineers. When it is probable that the labor contract cost will exceed total contract revenue, the expected loss is recognized immediately. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements which may result in revisions to estimated costs and gross margins, are recognized in the year in which the revisions are determined. The cost of inventory recognized in profit or loss in the consolidated statement of comprehensive income upon sale is determined with reference to the specific costs incurred on the property, allocated to the saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Cost of Services. Cost of services is recognized as expense when services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

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 when earned (as incurred).

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
b) the right to direct the use of the identified asset.

At the commencement date, the Group recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Group measures ROU assets at cost which is comprised of the following:

a) the amount of the initial measurement of lease liabilities;
b) any lease payments made at or before the commencement date less any lease incentives received;
c) any initial direct costs; and
d) an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets

Lease Liabilities. At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

a) fixed payments, including in-substance fixed payments;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable by the lessee under residual value guarantees; and

d) the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Group as a Lessor. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases is recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" accounts in the consolidated statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Pension Costs. The net defined benefit liability 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 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. These amounts are calculated periodically by independent qualified actuaries.

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

Remeasurements comprising actuarial gains and losses, difference between interest income and 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 (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognize related restructuring costs.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

Income Taxes

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

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

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- 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 profit or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

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

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the Parent Company, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

Operating Segments

The Group is organized into business units wherein operating results are regularly monitored by the chief operating decision maker (CODM) for the purpose of making decisions about resource allocation and performance assessment. As permitted by PFRS 8, *Operating Segments*, the Group has aggregated these segments into a single operating segment to which it derives its revenues and incurs expenses as these segments have the same economic characteristics and are similar in the following respects:

- the nature of products and services;
- the nature of production processes;
- the type or class of customer for the products and services; and
- the methods used to distribute their products and services.

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.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

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

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgment
In the process of applying the Group'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 consolidated financial statements.

Going Concern. As discussed in Note 1, the Group's financial position and financial performance were affected by the COVID-19 pandemic. This resulted to a liquidity gap on currently maturing liabilities amounting to ₱1.8 billion as at December 31, 2020. In addition, the Group's current liabilities exceeded its current assets by ₱352.6 million as at December 31, 2020. This condition may cast significant doubt on the Group's ability to continue as a going concern.

With the capital infusion in 2021, conversion of convertible loans to deposits for future stock subscriptions, the coming in of new investors and other initiatives already adopted as discussed in Note 1, management has improved its financial position and expects to improve its financial performance as well.

Accordingly, the accompanying financial statements have been prepared on a going concern basis of accounting.

Recognizing Revenue and Cost of Sale from Real Estate Sales:

- *Assessing the Existence of a Contract*. The Group's primary document for a contract with a customer is a signed contract to sell, which contains all the criteria to qualify as contract with the customer under PFRS 15. In addition, 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.

- *Recognizing Revenue Method and Measuring 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.

- *Identifying the Performance Obligation*. The Group has various contracts to sell covering subdivided lot and condominium unit. The Group concluded that there is one performance obligation in each of these contracts because, for subdivided lot, the developer integrates the lots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in 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 is to transfer the title of the real estate unit to the customer.

- *Determining 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.

- *Assessing the Transfer of Control to 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.

Classifying Leases - Group as a 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 estimated useful life 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.

Classifying Investment Properties and Real Estate Held for Sale. 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 Group considers each property separately in making its judgment.

The carrying value of real estate held for sale amounted to ₱765.4 million as at December 31, 2021 (₱831.7 million as at December 31, 2020) while the carrying value of investment properties as at December 31, 2021 amounted to ₱1,692.0 million (₱1,666.4 million as at December 31, 2020) (see Notes 7 and 10).

Estimates and Assumptions

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

Recognizing Revenue 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.

Real estate sales amounted to ₱173.93 million in 2021 (₱479.3 million and ₱79.1 million in 2020 and 2019, respectively) (see Note 4).

Determining the Fair Value 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 2021 which were recognized in profit or loss amounted to ₱25.6 million (₱367.9 million and ₱816.5 million in 2020 and 2019, respectively). The carrying value of investment properties as at December 31, 2021 amounted to ₱1,692.0 million (₱1,666.4 million as at December 31, 2020) (see Note 10).

Determining the Impairment of Trade Receivables and Contract Receivables. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group did not recognize provision for ECL in 2021, 2020 and 2019. Allowance for ECL amounted to ₱28.3 million as at December 31, 2021 (₱31.3 million as at December 31, 2020). The aggregate carrying values of receivables and contract assets amounted to ₱392.0 million as at December 31, 2021 (₱383.1 million as at December 31, 2020) (see Notes 6 and 14).

Determining the NRV of Real Estate for Sale and Supplies Inventory. Real estate for sale and supplies inventory are stated at lower of cost and NRV. The Group writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell. The carrying value is reviewed at least annually for any decline in value.

No provision was recognized in 2021, 2020 and 2019. The carrying values of inventories and supplies inventory carried at lower of cost and NRV are as follows:

	Note	**2021**	2020
Real estate for sale and land held for future development	7	**₱765,386,058**	₱831,734,159
Supplies*	8	**2,309,750**	1,329,550

**Included under "Other current assets" account in the consolidated statement of financial position.*

Assessing the 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 provision for impairment loss was recognized in 2021 (2020 and 2019). Deferred exploration costs amounted to ₱413.8 million as at December 31, 2021 (₱403.8 million as at December 31, 2020) (see Note 9).

Estimating the 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.

The Group did not recognize an impairment loss on goodwill in 2021, 2020 and 2019. The carrying value of goodwill amounted to ₱15.7 million as at December 31, 2021 and 2020 (see Note 13). 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.

Estimating the Useful Lives of Property and Equipment and ROU Assets. The Group estimates the useful lives of the property and equipment and ROU assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment and ROU assets in 2021, 2020 and 2019. The aggregate carrying amount of property and equipment and ROU assets amounted to ₱135.1 million as at December 31, 2021 (and ₱231.9 million as at December 31, 2020) (see Notes 11 and 31).

Determining the Impairment of Nonfinancial Assets (Except Goodwill and Deferred Exploration Costs). The Group assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Properties, property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible asset is reviewed annually for impairment while it is still not yet available for use. Determining the value in use of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial statements.

No provision for impairment loss was recognized in 2021 and 2020. In 2019, the Group recognized impairment loss on property and equipment of CUBES amounting to ₱22.60 million (see Note 27). The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31, 2021 and 2020 are as follows:

	Note	**2021**	2020
Property and equipment	11	**₱135,109,701**	₱231,177,984
Film rights	13	**3,244,012**	3,649,513
Right-of-use asset	31	**10,646**	680,526
Other assets*		**227,088,482**	196,497,946

** excluding receivable from PAGCOR and security deposits*

Determining the Pension Cost. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. 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.

Pension liabilities amounted to ₱28.70 million as at December 31, 2021 (₱34.0 million as at December 31, 2020) (see Note 22). Pension cost recognized in profit or loss amounted to ₱6.9 million in 2021 (₱6.0 million and ₱3.2 million in 2020 and 2019, respectively). The remeasurement gain recognized in other comprehensive income amounted to ₱11.7 million in 2021 (remeasurement loss of ₱2.3 million and ₱8.4 million in 2020 and 2019, respectively) (see Note 22).

Assessing the Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount 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 amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Recognized deferred tax assets of the Group amounted to ₱26.0 million as at December 31, 2021 (and ₱35.7 million as at December 31, 2020). As at December 31, 2021 and 2020, no deferred tax assets were recognized for NOLCO and other deductible temporary differences (see Note 27). Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

4. 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 as at December 31, 2021 and 2020 are as follows:

	2021					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱61,743,076	₱22,231,838	₱10,000	₱5,860,999	₱–	₱89,845,913
Contract assets	–	315,378,037	–	–	–	315,378,037
Receivables	85,735,766	61,569,211	11,996	527,591,973	(598,290,329)	76,618,617
Real estate held for sale	–	393,698,301	-	364,753,665	6,934,092	765,386,058
Investment property	–	–	–	1,692,025,000	–	1,692,025,000
Deferred exploration costs	413,812,603	–	–	–	–	413,812,603
Goodwill and intangible assets	–	–	–	3,244,012	15,701,804	18,945,816
Property and equipment	128,797,001	1,079,302	118,155	5,115,243	–	135,109,701
Right of use assets	–	–	–	10,646	–	10,646
Deferred tax assets	–	–	–	(9,754,312)	35,678,603	25,924,291
Other assets	54,581,581	95,624,478	–	86,987,236	–	237,193,295
	₱744,670,027	₱889,581,167	₱140,151	₱2,675,834,462	(₱539,975,830)	₱3,770,249,977
LIABILITIES						
Trade and other payables	₱121,628,732	₱163,755,064	₱4,847,773	₱883,585,089	(₱598,164,990)	₱575,651,668
Contract liabilities	–	36,876,706	–	–	–	36,876,706
Short-term loans	–	–	–	254,554,632	–	254,554,632
Loans payable	–	295,291,747	–	–	–	295,291,747
Purchase land payable	–	5,677,930	–	44,000,000	(44,000,000)	5,677,930
Obligations under finance lease	–	–	–	714,769	–	714,769
Installment payable	–	–	–	405,000,000	(405,000,000)	–
Convertible loans	–	–	–	100,000,000	–	100,000,000
Lease liability	–	–	–	243,454	–	243,454
Callable loans	–	–	–	22,000,000	–	22,000,000
Pension liabilities	24,229,913	2,634,723	–	1,830,917	–	28,695,553
Dividend payable	–	–	–	45,250,000	(5,450,000)	39,800,000
Capital gains tax payable	–	–	–	26,940,000	–	26,940,000
Deposit for future stock subscription	–	–	–	465,231,457	–	465,231,457
Deferred tax liabilities	–	40,433,519	–	288,779,059	100,405,028	429,617,606
	₱145,858,645	₱544,669,689	₱4,847,773	₱2,538,129,377	(₱952,209,962)	₱2,281,295,522

	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	16,874,009	11,678,486	17,904	56,203,389	(18,149,675)	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
	₱1,115,784,214	₱884,802,616	₱172,124	₱2,245,990,746	(₱349,953,808)	₱3,896,795,892
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

The revenue and profit information of the business segments for the year ended December 31, 2021 2020 and 2019 are as follows:

	2021					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	**₱174,681,141**	**₱173,933,534**	**₱502,880**	**₱–**	**₱–**	**₱349,117,555**
Cost and Expenses	**(180,568,345)**	**(147,299,561)**	**(1,744,113)**	**(117,305,971)**	**–**	**(446,917,990)**
Operating Income (Loss)	**(5,887,204)**	**26,633,973**	**(1,241,233)**	**(117,305,971)**	**–**	**(97,800,435)**
Interest income	**21,235**	**24,335**	**–**	**2,634,807**	**–**	**2,680,377**
Interest expense	**(2,753,478)**	**(47,573,517)**	**–**	**(63,829,345)**	**–**	**(114,156,340)**
Impairment losses	**–**	**–**	**–**	**–**	**–**	**–**
Other income (expense) - net	**(3,149,816)**	**66,656,561**	**60,000**	**34,429,348**	**–**	**97,996,093**
Provision for income tax	**(246,588)**	**(46,460,236)**	**–**	**(22,386,349)**	**–**	**(69,093,173)**
	(₱11,522,675)	**₱92,201,588**	**(₱1,181,233)**	**(₱121,684,812)**	**₱–**	**(₱42,187,132)**

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customers	₱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)
	(₱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
Intersegment	–	–	–	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)
	₱13,174,916	(₱312,508,449)	₱922,636	₱369,607,735	₱–	₱71,196,838

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 2021, 2020 and 2019 are presented below:

	2021	2020	2019
By type of goods or services			
Real estate			
Residential dwellings	**₱104,014,495**	₱133,096,411	₱150,632,959
Lots	**69,919,039**	361,926,700	9,920,674
Less:			
Cancellation of Lombard Hills	**–**	–	(46,710,526)
Other sales cancellation (lots)	**–**	(15,721,526)	(34,741,812)
Mining			
Service contracts	**174,162,827**	240,462,752	340,166,458
Service income	**1,021,194**	2,773,269	4,388,324
	₱349,117,555	₱722,537,606	₱423,656,077

Timing of Revenue Recognition

During 2021, the Group has recognized total revenue from contracts with customers earned over time amounting to ₱349.1 million (₱722.54 million and ₱423.66 million during 2020 and 2019 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 at December 31, 2021 and 2020:

	2021	2020
Contract assets		
Current	**₱207,165,921**	₱250,548,433
Noncurrent	**108,212,116**	65,945,420
	₱315,378,037	₱316,493,853
Contract liabilities		
Current	**₱36,876,706**	₱7,819,623

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 2019, revenue recognized from the contract liabilities at the beginning of the year amounted to ₱14.23 million.

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 down payment 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.

5. Cash

This account consists of:

	2021	2020
Cash on hand	**₱618,910**	₱984,831
Cash in banks	**89,227,003**	123,538,336
	₱89,845,913	₱124,523,167

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱0.07 million in 2021 (₱0.06 million and ₱0.11 million in 2020 and 2019, respectively).

6. Receivables

This account consists of:

	Note	2021	2020
Advances to officers and employees	22	**₱63,724,304**	₱50,468,382
Contract receivables		**35,186,931**	26,569,360
Trade receivables		**1,388,982**	13,968,583
Others		**4,636,569**	6,934,538
		104,936,786	97,940,863
Less allowance for ECL		**28,318,169**	31,316,750
		₱76,618,617	₱66,624,113

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 arise from sale of real estate properties. These receivables are collectible in monthly installment over a period of one 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 ₱2.61 million in 2021 (₱3.27 million and ₱6.18 million 2020 and 2019, respectively). Income from forfeited deposits and penalties on contracts receivable included in "Other income (charges)" amounted to ₱20.11 million in 2019.

Trade receivables, net of allowance for ECL, include short-term and noninterest-bearing receivable arising from hauling services operations. Credit terms for trade receivables are 30 to 60 days. In 2020, trade receivables without allowance for ECL amounting to ₱5.11 million were directly written off by the Group (see Note 27).

Other receivables pertain to advances for liquidation that are noninterest bearing and are due within one year.

Contract Assets

The following table presents the breakdown of contract assets by maturity dates:

	2021	2020
Due within one year	**₱207,165,921**	₱250,548,433
Due after one year	**108,212,116**	65,945,420
	₱315,378,037	₱316,493,853

Contract receivables and contract assets with a total amount of ₱52.33 million as at December 31, 2021 and 2020 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 16).

Movements in the allowance for ECL follows:

	2021			
	Contract Receivables and Contract Assets	**Trade Receivable**	**Others**	**Total**
Balance at beginning of year	**₱23,681,600**	**₱1,787,649**	**₱5,847,501**	**₱31,316,750**
Recovery of impairment losses	**–**	**(1,787,649)**	**(1,210,932)**	**(2,998,581)**
Balance at end of year	**₱23,681,600**	**₱–**	**₱4,636,569**	**₱28,318,169**

	2020			
	Contract Receivables and Contract Assets	Trade Receivable	Others	Total
Balance at beginning of year	₱23,681,600	₱4,733,046	₱5,847,501	₱34,262,147
Recovery of impairment losses	–	(2,945,397)	–	(2,945,397)
Balance at end of year	₱23,681,600	₱1,787,649	₱5,847,501	₱31,316,750

7. Real Estate Held for Sale

This account consists of:

	2021	2020
Real estate under development and subdivided lots held for sale	**₱580,960,307**	₱647,308,408
Land and land development	**184,425,751**	184,425,751
	₱765,386,058	₱831,734,159

A summary of the movement in real estate under development and subdivided lots held for sale is set out below:

	2021	2020
Balance at beginning of year	**₱647,308,408**	₱841,131,708
Cost of real estate sales	**(74,080,684)**	(301,263,375)
Construction development costs incurred	**7,732,583**	107,440,075
Balance at end of year	**₱580,960,307**	₱647,308,408

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 ₱279.00 million as at December 31, 2021 (₱7.32 million as at December 31, 2020).

The Group is committed to pay the outstanding balance of purchased land payable, which pertains to land acquisitions, amounting to ₱5.68 million as at December 31, 2021 (₱18.10 million as at December 31, 2020). There are no other purchase commitments as at December 31, 2021 and 2020.

As at December 31, 2021, certain lots and units with carrying value of ₱52.68 million as at December 31, 2021 and 2020 are held as collateral for the Group's bank loans (see Note 16).

8. Other Current Assets

These accounts consist of:

	2021	2020
CWT	**₱103,262,851**	₱79,424,715
Advances to suppliers and contractors	**77,844,500**	71,270,841
Input VAT	**41,332,391**	36,277,396
Supplies	**2,309,750**	1,329,550
Security deposits	**852,022**	852,022
Prepayments	**10,000**	545,972
Others	**5,381,804**	1,384,422
	230,993,318	191,084,918
Less allowance for impairment losses	**4,502,030**	4,502,030
	₱226,491,288	₱186,582,888

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 statement of comprehensive income amounted to ₱1.26 million and ₱35.87 million in 2020 and 2019, respectively (see Note 27). The Group impaired advances to suppliers and contractors without existing allowance amounting to ₱1.26 million and nil in 2020 and 2019, respectively. Allowance for impairment loss amounted to ₱50.93 million as at December 31, 2021 and 2020.

Supplies pertains to parts and materials used in the repair and maintenance of the Group's heavy equipment being used in its mining-related activities.

Details of input VAT as at December 31, 2021 and 2020 are as follows:

	2021		2020	
	Current	**Noncurrent (Note 14)**	Current	Noncurrent (Note 14)
Input VAT	**₱41,332,391**	**₱11,162,017**	₱36,277,396	₱14,938,577
Less allowance for impairment losses	**4,502,030**	**4,377,303**	4,502,030	4,377,303
	₱36,830,361	**₱6,784,714**	₱31,775,366	₱10,561,274

In 2020, input VAT without allowance for impairment losses amounting to ₱5.23 million were directly written off by the Group (see Note 27).

Prepayments include prepaid insurance which will be amortized within three to twelve 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 pertain mainly to cash bonds of the Group.

Movements in the allowance for impairment losses are as follows:

	2021		2020	
	Current	**Noncurrent (Note 13)**	Current	Noncurrent (Note 13)
Balance at beginning of year	**₱4,502,030**	**₱4,377,303**	₱4,436,030	₱4,377,303
Provision for impairment losses	**–**	**–**	66,000	–
	₱4,502,030	**₱4,377,303**	₱4,502,030	₱4,377,303

9. Deferred Exploration Costs

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 Mineral Production Sharing Agreements (MPSAs) are under the pre-operating stage and the limestone project is under the exploration stage as at December 31, 2021 (and 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, 2021, the Group is in the process of renewing its exploration period subject to the evaluation and approval of MGB upon submission of requirements.

Deferred exploration costs attributable to the Group's Panitian Limestone Project amounted to ₱413.81 million as at December 31, 2021 (₱403.75 million as at December 31, 2020).

No impairment loss was recognized in 2021, 2020 and 2019.

10. Investment Properties

Below are the investment properties of the Group per location as of December 31:

	2021	2020
Site I	**₱1,649,807,000**	₱1,624,810,000
Site II	**42,218,000**	41,578,000
	₱1,692,025,000	₱1,666,388,000

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 5% to positive 35%. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value.

The unobservable inputs used in the fair valuation are as follows:

	2021	
	Site I	**Site II**
Land area (square meter)	**4,999,414**	**127,932**
Price per square meter	**₱330**	**₱330**
Fair value	**₱1,649.81 million**	**₱42.22 million**

	2020	
	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

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.

Unrealized gain on fair valuation of investment properties amounted to ₱25.64 million in 2021 (₱367.92 million and ₱816.49 million in 2020 and 2019, respectively).

As at December 31, 2021, investment properties amounting to ₱68.14 million (₱67.11 million as at December 31, 2020) were used as collateral for convertible loans and callable loans (see Notes 19 and 20).

11. Property and Equipment

The movements of this account are as follows:

	2021							
	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								
Balance at beginning 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
Disposal	–	(73,852,447)	–	(760,133)	(8,588,307)	(10,760,534)	(696,221)	(94,657,642)
Additions	–	–	216,745	–	159,314	1,454,122	–	1,830,181
Balance at end of year	20,384,323	437,036,842	9,173,965	3,295,271	67,744,489	60,667,409	–	598,302,299
Accumulated Depreciation and Impairment								
Balance at beginning 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
Depreciation	1,171,454	72,306,695	398,393	147,221	7,092,138	5,607,365	–	86,723,266
Disposal	–	(63,033,166)	–	(760,133)	(8,544,035)	(10,448,889)	(696,221)	(83,482,444)
Balance at end of year	16,350,030	329,168,825	9,012,508	3,181,704	53,095,469	52,384,062	–	463,192,598
Net Carrying Amount	₱4,034,293	₱107,868,017	₱161,457	₱113,567	₱14,649,020	₱8,283,347	₱–	₱135,109,701

	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								
Balance 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)
Balance 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 and Impairment								
Balance 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	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)
Balance 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 Carrying Amount	₱5,205,747	₱190,993,993	₱343,105	₱260,788	₱21,626,116	₱12,748,235	₱–	₱231,177,984

In 2019, the Group recognized impairment loss on property and equipment of CUBES amounting to ₱22.6 million (see Note 27).

As at December 31, 2021, transportation equipment with a carrying amount of ₱843,833 (₱1.8 million as at December 31, 2020) were used as collateral for mortgage loans (see Note 16).

Depreciation and amortization are recognized in the consolidated statement of comprehensive income as follows:

	Note	**2021**	2020	2019
Cost of services	24	**₱79,439,916**	₱83,436,748	₱97,277,092
General and administrative expenses	25	**7,283,350**	8,202,729	16,738,840
		₱86,723,266	₱91,639,477	₱114,015,932

12. Goodwill and Intangible Assets

The movements of this account are as follows:

		2021			
	Note	**Goodwill**	**Film Rights**	**Exclusive Distribution Rights**	**Total**
Cost					
Balance at beginning and end of year		**₱18,308,920**	**₱59,641,480**	**₱150,494,041**	**₱228,444,441**
Accumulated Amortization and Impairment Losses					
Balance at beginning of year		**2,607,116**	**55,991,967**	**150,494,041**	**209,093,124**
Amortization	26	**–**	**405,501**	**–**	**405,501**
		2,607,116	**56,397,468**	**150,494,041**	**209,498,625**
Net Carrying Amount		**₱15,701,804**	**₱3,244,012**	**₱–**	**₱18,945,816**

		2020			
	Note	Goodwill	Film Rights	Exclusive Distribution Rights	Total
Cost					
Balance at beginning and end of year		₱18,308,920	₱59,641,480	₱150,494,041	₱766,259,451
Accumulated Amortization and Impairment Losses					
Balance at beginning of year		2,607,116	55,586,466	150,494,041	208,687,623
Amortization	26	–	405,501	–	405,501
		2,607,116	55,991,967	150,494,041	209,093,124
Net Carrying Amount		₱15,701,804	₱3,649,513	₱–	₱19,351,317

Goodwill and Exclusive Distribution Rights

The Group's goodwill pertains to: (a) the acquisition of PGDI in April 2012 amounting to ₱9.5 million, (b) the acquisition of additional interest in CUBES in February 2015 amounting to ₱2.6 million and (c) the acquisition of GLCI in June 2015 amounting to ₱6.2 million. The exclusive distribution right asset pertains to CUBES's exclusive right to distribute specific types of thermo chillers in the Philippines.

In May 2017, CUBES operation was discontinued and was put on hold due to operational issues. As of December 31, 2021, 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.

As at December 31, 2021 (and 2020), goodwill and exclusive distribution right pertaining to CUBES was fully provided with provision for impairment.

As at December 31, 2021 (and 2020), no provision for impairment was recognized on goodwill related to PGDI and GLCI. The recoverable amounts of goodwill were determined based on fair value less costs to sell as of December 31, 2021 (and 2020).

Film Rights

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

These accounts consist of:

	Note	2021	2020
Deferred input VAT	8	**₱11,162,017**	₱14,938,577
Receivable from PAGCOR		**3,042,702**	3,042,702
Others		**874,591**	205,806
		15,079,310	18,187,085
Less allowance for impairment losses	8	**4,377,303**	4,377,303
		₱10,702,007	₱13,809,782

In 2011, the Group received a notice of garnishment amounting to ₱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, 2021, the case is pending before the Quezon City Regional Trial Court. Others include security deposits, which pertain to deposits paid by the Group to certain lessors at the inception of the lease contracts which will be refunded at the end of the lease term.

14. Short-term Loans

This account consists of:

	2021			
	Banks	**Officers and Shareholders**	**Third Parties**	**Total**
Balance at beginning of year	**₱12,937,500**	**₱34,025,000**	**₱179,000,000**	**₱225,962,500**
Availments (payments)	**(5,562,500)**	**–**	**34,154,632**	**28,592,132**
Balance at end of year	**₱7,375,000**	**₱34,025,000**	**₱213,154,632**	**₱254,554,632**

	2020			
	Banks	Officers and Shareholders	Third Parties	Total
Balance at beginning of year	₱15,000,000	₱34,025,000	₱184,000,000	₱233,025,000
Payments	(2,062,500)	–	(5,000,000)	(7,062,500)
Balance at end of year	₱12,937,500	₱34,025,000	₱179,000,000	₱225,962,500

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.

Interest expense on short-term loans amounted to ₱35.9 million in 2021 (₱61.1 million and ₱60.0 million in 2020 and 2019, respectively) (see Note 28).

Terms

Short-term loans are unsecured and payable within 180 days to 360 days. As at December 31, 2021 and 2020, short-term loans bear annual interest rate as follows:

Banks	6.50% to 6.75%
Officers and shareholders	6.00%
Third parties	7.50% to 12.00%

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 amounting to ₱64.5 million with the Group until December 31, 2021. Accordingly, the loan was presented as "Loans from Officers and Shareholders" under noncurrent liabilities in the consolidated statement of financial position as at December 31, 2019 and part of short-term loans as at December 31, 2021 and 2020 (see Note 21). These unsecured loans bears interest of 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 loans amounting to ₱8.0 million with the Group until December 31, 2021. Accordingly, the loan was presented as "Loans from third parties" under noncurrent liabilities in the consolidated statement of financial position as at December 31, 2019 and part of short-term loans as at December 31, 2021 and 2020. These unsecured loans bears interest of 8% per annum.

15. Loans Payable

This account consists of the following loans payable:

	Note	2021	2020
Secured by real estate mortgage		**₱210,078,053**	₱243,988,807
Unsecured		**50,161,515**	53,138,340
Mortgaged		**853,649**	1,905,679
Secured by contract receivables and contract assets	6	**34,198,530**	52,332,267
		295,291,747	351,365,093
Less current portion of loans payable		**231,249,398**	311,366,820
Noncurrent portion of loans payable		**₱64,042,349**	₱39,998,273

Loans Payable - Secured by Real Estate Mortgage, Unsecured and Mortgaged
Loans payable secured by real estate mortgage and unsecured loans payable represents loans with interest rate at prevailing market rates ranging from 1.5% to 10% payable within one to five years. Mortgaged loans payable pertains to car loans for vehicles used in operations of the Group.

Details of these loans as at December 31, 2021 (and 2020) are as follows:

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Philippine Veterans Bank	**2021**	**₱314,000,000**	**₱122,587,062**	5 years	Secured by a real estate
	2020	314,000,000	168,881,662	9.65% to 10.99%	mortgage on certain
				per annum	parcels of land
Union Bank of the Philippines	**2021**	**67,548,000**	**2,044,125**	5 years	Secured by a real estate
	2020	67,548,000	12,062,922	6.00% to 9.68%	mortgage on certain
				per annum	property
Zambales Bank	**2021**	**32,000,000**	**32,000,000**	5 to 10 years	Secured by a real estate
	2020	25,000,000	8,767,281	8.00% per annum	mortgage on certain
					parcel of land
Bank of Makati	**2021**	**80,000,000**	**3,743,519**	4 years	Secured by a real estate
	2020	80,000,000	5,672,054	7.50% per annum	mortgage on certain
					parcel of land

(Forward)

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Philippine Veterans Bank	**2021**	**₱314,000,000**	**₱122,587,062**	5 years	Secured by a real estate
	2020	314,000,000	168,881,662	9.65% to 10.99%	mortgage on certain
				per annum	parcels of land
Union Bank of the Philippines	**2021**	**67,548,000**	**2,044,125**	5 years	Secured by a real estate
	2020	67,548,000	12,062,922	6.00% to 9.68%	mortgage on certain
				per annum	property
Zambales Bank	**2021**	**32,000,000**	**32,000,000**	5 to 10 years	Secured by a real estate
	2020	25,000,000	8,767,281	8.00% per annum	mortgage on certain
Tanay Rural Bank	**2021**	**10,000,000**	**9,018,024**	2 years	Secured by a real estate
	2020	10,000,000	2,885,079	18.00% per annum	mortgage on certain
					property
BDO Unibank, Inc.	**2021**	**–**	**–**	5 years	Mortgaged
	2020	4,831,000	520,838	9.95% per annum	
Other Financing Institutions	**2021**	**48,474,071**	**9,931,469**	1 to 3 years	Secured by a real estate
	2020	127,421,540	41,367,490	10.00% to 33.00%	mortgage on certain
				per annum	parcel of land
Other Financing Institutions	**2021**	**260,863,363**	**81,769,017**	1 to 3 years	Secured by a real estate
	2020	551,169,362	58,875,500	10.00% to 33.00%	mortgage on certain
				per annum	parcel of land
Total	**2021**	**812,885,434**	**261,093,217**		
	2020	1,211,470,102	299,032,826		
Less noncurrent portion of loans payable	**2021**		**42,373,211**		
	2020		18,311,848		
Current portion of loans payable	**2021**		**₱218,720,006**		
	2020		₱280,720,978		

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

The Group entered into loan agreements with different banks and other non-bank financing institutions to assign with recourse contract to sell 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 of these loans by maturity dates:

	2021	2020
Due within one year	**₱12,529,392**	₱30,645,842
Due after one year	**21,669,138**	21,686,425
	₱34,198,530	₱52,332,267

Interest expense on loans payable recognized in the consolidated statement of comprehensive income amounted to ₱36.33 million in 2021 (₱68.77 million and ₱217.29 million in 2020 and 2019, respectively) (see Note 29).

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 at December 31, 2021 and 2020, 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 ₱111.59 million from noncurrent liabilities to current liabilities as at December 31, 2021 (₱54.39 million as at December 31, 2020). Total outstanding balance of loans payable with breached debt covenants amounted to ₱127.97 million as at December 31, 2021 under current liabilities (₱192.88 million as at December 31, 2020).

The schedule of maturities of loans payable of the Group as of December 31 follows:

	2021	2020
Less than one year	**₱231,249,398**	₱311,366,820
One to two years	**64,042,349**	39,998,273
	₱295,291,747	₱351,365,093

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 at December 31, 2021 amounted to ₱5.68 million (₱18.10 million as of December 31, 2020).

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 the finance lease amounted to ₱0.71 million as at December 31, 2021 (₱0.53 million as at December 31, 2020).

Interest expense arising from obligations under finance lease amounted to ₱0.1 million in 2021 (₱0.03 million and ₱0.70 million in 2020 and 2019, respectively) (see Note 28).

Installment Payable

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 ₱132.3 million. The Group initially paid ₱26.8 million and the remaining balance will be paid on equal monthly installment of ₱5.2 million to be applied to interest and principal for a period of twenty-four months with an interest rate of 8% per annum. As at December 31, 2021, the remaining balance of installment payable was fully settled.

Interest expense on installment payable amounted to ₱2.8 million in 2021 (₱8.8 million and ₱7.5 million in 2020 and 2019, respectively) (see Note 28). Installment payable amounting to ₱17.1 million as at December 31, 2020 is presented as a current liability.

18. Convertible Loans

In 2016 and 2015, the Group issued convertible notes amounting to ₱26.00 million and ₱408.00 million, respectively, to 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.

In 2021, the convertible notes holder exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares. (see Note 23). In March 22, 2022, the SEC issued the Certificate of Approval of Valuation.

In 2017, the Group entered into a ₱100.00 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 22).

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 or to parcels of the security lots in North Cove with total area of 196,000 square meters at a price of ₱1,000 per square meter (see Note 7).

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 ₱18.7 million (see Note 24).

Classification of the Group's convertible loans as at December 31 follows:

	2021	2020
Current	**₱100,000,000**	₱400,370,775
Noncurrent	**–**	94,635,393
	₱100,000,000	₱495,006,168

Movement in the convertible loans as of December 31 follows:

	2021	2020
Balance at beginning of year	**₱495,006,168**	₱494,533,615
Conversion	**(354,000,000)**	–
Payments	**(42,999,999)**	(4,500,000)
Amortization of Day 1 difference	**1,993,831**	4,972,553
Balance at end of year	**₱100,000,000**	₱495,006,168

As at December 31, 2021 (and 2020), equity portion of convertible loans payable lodged under additional paid-in capital in the consolidated statement of financial position amounted to ₱18.7 million.

Movement in unamortized Day 1 difference as of December 31 follows:

	2021	2020
Balance at beginning of year	**₱6,994,012**	₱11,966,565
Amortization of Day 1 difference	**(1,993,831)**	(4,972,553)
Balance at end of year	**₱5,000,181**	₱6,994,012

Interest expense on convertible loans, including the amortization of Day 1 difference, recognized in profit or loss amounted to ₱24.7 million in 2021 (₱33.7 million and ₱32.4 million in 2020 and 2019, 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 square meters were assigned as security valued at ₱10,000 per square meter for a total collateral cover of ₱105.00 million (see Note 10).

No interest expense was capitalized as part of land development under "Real estate held for sale" in 2021 (and 2020).

20. Trade and Other Payables

This account consists of:

	Note	2021	2020
Trade payables:			
Third parties		**₱95,528,750**	₱45,413,455
Related parties	21	**11,771,567**	13,545,504
Advances from shareholders	21	**137,779,737**	161,327,846
Customers' deposits and advances		**100,975,000**	165,325,000
Accrued expenses		**76,115,256**	73,050,269
Customer's refunds		**48,463,451**	50,661,185
Advances from third parties		**37,114,843**	88,000,000
Deferred output VAT		**30,862,206**	44,308,290
Output VAT payable		**13,511,454**	54,881,504
Voucher's payable		**6,929,987**	18,428,833
Retention payable		**222,357**	23,787,912
Others		**16,377,060**	10,197,595
		₱575,651,668	₱748,927,393

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.

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.

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 are recorded as "Other income (charges)" in the consolidated statement of comprehensive income in 2020.

Accrued expenses pertains to accrual of interest, salaries and benefits, professional fees and other taxes which are expected to be settled within 12 months from the end of the reporting period.

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.

Output VAT payable pertains to the VAT charged to the buyers recognized upon collection of the installment receivables.

Deferred output VAT 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 is a percentage of the amount certified as due to the contractor on an interim certificate, which 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 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

In the ordinary course of business, the Group has transactions with related parties which consist mainly of extension or availment of noninterest-bearing advances and interest-bearing short-term and long-term loans. Related party transactions amounting to 10% or higher of the Group's consolidated total assets are subject to the approval of the BOD.

For the year ended December 31, 2021 and 2020, 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.

Transactions and outstanding balances with related parties are as follows:

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Receivables		6					
Advances	Officers		**2021**	**₱13,255,922**	**₱63,724,304**	Due and demandable;	Unsecured
			2020	20,998,228	50,468,382	non-interest bearing	
Loans from officers and shareholders		15					
Short-term loans	Officers and shareholders		**2021**	**₱–**	**₱34,025,000**	180 days to 360 days;	Unsecured
			2020	–	34,025,000	6.00% interest rate	
Long-term loans	Officers and shareholders		**2021**	**64,500,000**	**–**	2 years;	Unsecured
			2020	13,800,000	64,500,000	6.00% interest rate	
Convertible loans		19					
	Related Party		**2021**	**₱–**	**₱100,000,000**	3 years;	Secured by real
			2020	–	100,000,000	6.50% interest rate; convertible to WPP shares or lots of WPP real estate properties	estate properties
Convertible loans	Officers		**2021**	**95,790,173**	**–**	3 years;	Secured by WPP
			2020	–	95,790,173	6.50% to 12.00% interest rate; convertible to PHA shares	shares
			2021		**₱100,000,000**		
			2020		195,790,173		
Trade and other payables		21					
Management fees	Officers		**2021**	**₱5,352,941**	**₱–**	Due and demandable;	Unsecured
			2020	5,352,941	–	non-interest bearing	
Payments on behalf	Officers		**2021**	**1,773,937**	**11,771,567**	Due and demandable;	Unsecured
			2020	8,959,827	13,545,504	non-interest bearing	
Advances from shareholders	Shareholders		**2021**	**23,548,109**	**137,779,737**	Due and demandable;	Unsecured
			2020	86,415,186	161,327,846	non-interest bearing	
			2021		**₱149,551,304**		
			2020		174,873,350		

Compensation of Group's Key Management Personnel

Compensation of the Group's key management personnel consists of short-term employee benefits amounting to ₱39.76 million in 2021 (₱33.05 million and ₱40.66 million in 2020 and 2019, respectively). There are no post-employment benefits in 2021 (2020 and 2019). 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 statement of financial position and the components of the net benefit expense recognized in the consolidated statement of comprehensive income for the pension plan.

Pension cost recognized in the consolidated statements of comprehensive income consists of:

	2021	2020	2019
Service cost	₱5,460,233	₱4,606,281	₱2,172,108
Interest expense on defined benefit obligation	1,401,535	1,376,134	997,685
	₱6,861,768	₱5,982,415	₱3,169,793

Remeasurement gains (losses) on defined benefit obligation recognized under OCI in the consolidated statement of comprehensive income:

	2021	2020	2019
Actuarial gains (losses) due to:			
Changes in:			
Financial assumptions	₱5,648,029	(₱6,518,254)	(₱6,585,297)
Demographic assumptions	396,139	–	(1,037,849)
Experience adjustments	6,144,152	4,475,041	(1,870,833)
Other adjustments	–	–	1,465,543
Remeasurement gains (losses) on defined benefit obligation	12,188,320	(2,043,213)	(8,028,436)
Income tax effect	494,019	(269,857)	(408,628)
Remeasurement gains (losses)	₱11,694,301	(₱2,313,070)	(₱8,437,064)

Cumulative remeasurement effect recognized in OCI under equity attributable to equity holders of the Parent and equity attributable to non-controlling interests:

	2021	2020
Equity attributable to equity holders of the parent		
Balance at beginning of year	(₱3,020,449)	(₱1,334,992)
Actuarial gain (loss)	8,304,156	(1,685,457)
Total	5,283,708	(3,020,449)
Income tax effect	(308,810)	(105,452)
Effect of change in tax rate	422,236	–
Balance at end of year	5,397,134	(3,125,900)
Equity attributable to noncontrolling interests		
Balance at beginning of year	(3,357,297)	(2,999,541)
Actuarial gain (loss)	3,884,164	(357,756)
Total	526,866	(3,357,297)
Income tax effect	(185,209)	(164,405)
Effect of change in tax rate	354,856	–
Balance at end of year	696,514	(3,521,703)
	₱6,093,647	(₱6,647,603)

Changes in the present value of the defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year	**₱34,022,105**	₱25,996,477
Actuarial losses (gains) due to:		
Experience adjustments	**(6,144,152)**	(4,475,041)
Changes in financial assumptions	**(5,648,029)**	6,518,254
Changes in demographic assumptions	**(396,139)**	–
Service cost	**5,460,233**	4,606,281
Interest expense on defined benefit obligation	**1,401,535**	1,376,134
	₱28,695,553	₱34,022,105

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	
	2021	2020	**2021**	2020
PHA	**5.02%**	4.16%	**5.00%**	5.00%
PGDI	**5.20%**	4.15%	**10.00%**	10.00%
GLC	**5.11%**	3.87%	**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:

	2021			
	Increase (Decrease)	**Effect on the retirement benefit obligation**		
		PHA	**PGDI**	**GLC**
Discount rate	**+100bps**	**(₱275,107)**	**(₱3,642,782)**	**(₱2,345,580)**
	-100bps	**346,306**	**4,652,598**	**2,981,122**
Salary increase	**+100bps**	**342,719**	**4,379,635**	**2,989,429**
	-100bps	**(277,508)**	**(3,529,895)**	**(2,333,595)**

	2020			
	Increase (Decrease)	Effect on the retirement benefit obligation		
		PHA	PGDI	GLC
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)

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:

	2021	2020
Less than one year	**₱2,189,813**	₱1,579,280
More than one year to five years	**7,117,317**	543,854
More than five years to 10 years	**11,800,305**	4,639,458
More than 10 years to 15 years	**909,402**	4,855,378
More than 15 years to 20 years	**2,481,474**	3,276,211
More than 20 years	**9,170,819**	16,697,333

23. **Equity**

Capital Stock

The details and movements of the Parent Company's number of common shares follow:

	2021		2020		2019	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
Authorized 0.25 par value per share						
Balance at beginning of year	**₱563,556,000**	**2,254,224,000**	₱563,556,000	2,254,224,000	₱563,556,000	2,254,224,000
Increase in authorized capital stock	**936,444,000**	**3,745,776,000**	–	–	–	–
	₱1,500,000,000	**6,000,000,000**	563,556,000	2,254,224,000	563,556,000	2,254,224,000
Subscribed capital stock						
Balance at beginning of year	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889	₱497,620,222	1,990,480,889
Additional subscription	**710,606,061**	**2,842,424244**	65,909,091	263,636,364	–	–
Balance at end of year	**1,274,135,374**	**5,096,541,497**	563,529,313	2,254,117,253	497,620,222	1,990,480,889
Less subscription receivable						
Balance at beginning of year	**₱–**	**–**	₱–	–	₱24,905,000	175,000,000
Additional subscription	**473,484,848**	**1,893,939,392**	–	–	(24,905,000)	(175,000,000)
Balance at end of year	**₱473,484,848**	**1,893,939,392**	₱–	–	₱–	–
Capital stock	**₱800,650,526**	**2,596,541,501**	₱563,529,313	2,254,117,253	₱497,620,222	1,990,480,889
Treasury stock						
Balance at beginning of year	**₱–**	**–**	₱–	–	₱120,226,315	187,768,793
Reissuance	**–**	**–**	–	–	(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 130 and 121 existing shareholders as of December 31, 2021 and 2020, respectively.

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 SPTI shares over a period of two 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 were issued from the increase in authorized capital stock of PHA which was approved by the SEC on May 28, 2021.

Subscription Receivable
Subscription receivable as at December 31, 2021 pertains to the unpaid portion of the 2,539,393,939 shares subscribed at ₱0.33 per share.

Treasury Stock
Treasury stock pertains to Parent Company shares held by DSI, a subsidiary. As at December 31, 2019, all treasury stock held by DSI has been reissued and sold.

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. On May 28, 2021, the SEC approved the increase in PHA's authorized capital stock.

In 2020, the Parent Company received ₱113.00 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under noncurrent liabilities as at December 31, 2020. This was applied against issuance of capital stock upon in 2021.

In 2021, the convertible notes holder have exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares (see Note 23). In March 22, 2022, the SEC issued the Certificate of Approval of Valuation.

PHA also received ₱86.5 million from potential investors, including LDA, which is currently recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription.

On November 17, 2021, the BOD approved the increase in PHA's increase in authorized capital stock from ₱1.5 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share to ₱2.5 billion divided into 10,000,000,000 shares with a par value of ₱0.25 per share. This was ratified by the shareholders on December 17, 2021.

Share Lending Agreement
On July 20, 2021, the BOD of PHA approved a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of up to ₱2.5 billion over the next 36 months.

In August 2021, PHA sent a Put Option Notice (PON) to LDA for 190,000,000 listed shares. A group of stockholders (Share Lender) lent 210,000,000 shares to PHA. From the total shares, 190,000,000 shares were used as the Collateral Shares for the PON. The remaining 20,000,000 shares were transferred to an Options Shares Securities Account of LDA to satisfy PHA's obligations to sell options shares and to secure the payment of any portion of the commitment fee.

In consideration for the lending of shares by the Share Lender to LDA on behalf of PHA pursuant to the Put Option Agreement, PHA shall pay the Share Lender a lending fee equivalent to 18.0% per annum based on the market prices of the shares at the time of transfer. The lending fee accrued in 2021 and was recognized as part of "Interest expense" account amounted to ₱14.3 million (see Note 28).

On October 15, 2021, LDA has subscribed to 70,835,000 new primary shares of PHA at a subscription price of ₱1.01 per share. The subscription price of ₱71.5 million has been fully paid and recognized as "Deposit for future stock subscription" (see Note 23).

Additional Paid-in Capital (APIC)

APIC includes paid-in capital in excess of par amounting to ₱167.5 million as at December 31, 2021 (₱98.7 million as at December 31, 2020) and the equity component of the issued convertible loans amounting to ₱18.7 million as at December 31, 2021 (and 2020) (see Note 19).

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 ₱31.0 million.

In 2020, the Parent Company received subscription amounting to ₱0.33 per share or ₱87.0 million for 263,636,364 shares out of authorized capital stock, including ₱21.1 million in excess of par value. Stock issuance cost amounting to ₱0.7 million is deducted from APIC.

Retained Earnings

The consolidated retained earnings as at December 31, 2021 (and 2020) includes accumulated earnings of the subsidiaries which are not currently available for dividend declaration unless declared by the subsidiaries of the Parent Company. After considering the reconciling items, the Parent Company has no available retained earnings for dividend declaration as at December 31, 2021 and 2020.

Retained earnings also included "equity reserves" arising from transactions affecting ownership interest in DSI and PGDI. The equity reserves closed to retained earnings from these transactions aggregated ₱70.61 million. The equity reserve is excluded for purposes of dividend declaration.

Dividend Payable

Dividend payable amounting to ₱39.8 million pertains to the dividends declared on March 20, 2018. This includes property dividends consisting of 28,000,000 million shares of PGDI with fair value of ₱36.8 million and cash dividends of ₱3.0 million. As at reporting date, the SEC approval on the property and cash dividends is still pending.

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 16).

No changes were made in the Group's capital management objectives, policies or processes in 2021 (and 2020).

Noncontrolling Interests

Non-controlling interests consist of the following:

Name of Subsidiary	Percentage of Ownership 2021	2020	2019	Equity Attributable to Noncontrolling Interest 2021	2020	2019
PGDI	**69.22%**	69.22%	69.22%	**₱188,440,308**	₱200,023,823	₱206,726,957
PHMIC	**68.44%**	68.44%	68.44%	**1,730,360**	1,746,140	1,765,582
PSMVI	**68.22%**	68.22%	68.22%	**1,881,542**	1,897,432	1,917,008
GLCI	**55.00%**	55.00%	55.00%	**137,324,226**	116,137,841	97,137,278
CUBES	**51.00%**	51.00%	51.00%	**25,817,764**	25,842,509	25,920,760
				₱355,194,200	₱345,647,745	₱333,467,585

Net income (loss) attributable to non-controlling interest follows:

Name of Subsidiary	Percentage of Ownership 2021	2020	2019	Net Income (Loss) Attributable to Noncontrolling Interest 2021	2020	2019
PGDI	**69.22%**	69.22%	69.22%	**(₱14,749,311)**	(₱5,797,360)	₱4,553,044
PHMIC	**68.44%**	68.44%	68.44%	**(15,780)**	(19,442)	(19,438)
PSMVI	**68.22%**	68.22%	68.22%	**(15,890)**	(19,576)	(19,579)
GLCI	**55.00%**	55.00%	55.00%	**20,445,551**	18,616,950	(140,628,802)
CUBES	**51.00%**	51.00%	51.00%	**(24,745)**	(78,251)	(30,809,329)
				₱5,639,825	₱12,702,321	(₱166,924,104)

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Statement of Income:

	2021 GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	**₱116,076,391**	**₱174,681,141**	**₱–**	**₱–**	**₱–**
Cost and expenses	**(91,029,199)**	**(219,356,335)**	**(50,000)**	**(50,000)**	**(50,500)**
Other income (charges)	**26,583,888**	**(3,149,816)**	**–**	**–**	**–**
Income (loss) before income tax	**51,631,080**	**(47,825,010)**	**(50,000)**	**(50,000)**	**(50,500)**
Benefit from income tax	**(6,280,011)**	**(246,588)**	**–**	**–**	**–**
Net income (loss)	**₱57,911,091**	**(₱47,578,422)**	**(₱50,000)**	**(₱50,000)**	**(₱50,500)**
Net income (loss) attributable to noncontrolling interest	**₱20,445,551**	**(₱15,488,045)**	**(₱15,890)**	**(₱15,890)**	**(₱24,745)**

	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 noncontrolling interest	₱18,616,950	(₱5,797,360)	(₱19,442)	(₱19,442)	(₱78,251)

	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 noncontrolling interest	(₱140,628,802)	₱4,553,044	(₱19,438)	(₱19,579)	(₱30,809,329)

Statement of Financial Position:

	2021				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱822,556,445	₱189,803,285	₱4,964	₱2,400,000	₱2,450,000
Noncurrent assets	67,024,722	526,204,139	–	233,464,069	180,348,534
Current liabilities	(461,603,174)	(93,505,633)	(52,586,178)	(15,844,317)	(12,278,782)
Noncurrent liabilities	(95,830,762)	(24,229,913)	(75,302)	–	–
Equity (Capital deficiency)	₱332,147,231	₱598,271,878	(₱52,656,516)	₱220,019,752	₱170,519,752
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	₱194,823,005	₱410,570,304	(₱78,474,280)	₱218,289,392	₱168,638,210
Noncontrolling interest	137,324,226	187,701,574	25,817,764	1,730,360	1,881,542

	2020				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱860,039,579	₱151,183,630	₱84,964	₱–	₱–
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	(₱52,526,014)	₱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
Noncontrolling interest	116,137,841	200,023,823	25,842,509	1,746,140	1,897,432

Statement of Cash Flow:

	2021				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱88,585,484	₱9,235,958	₱–	(₱5,675,871)	(₱4,385,232)
Investing	(407,192)	10,819,281	–	–	–
Financing	(92,398,444)	–	–	5,675,871	4,385,232
Net increase (decrease) in cash	(₱4,220,152)	₱20,055,239	₱–	₱–	₱–

	2020				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱283,492,277	₱99,794,404	₱231,824	₱–	₱–
Investing	6,826,481	(67,169,498)	–	230,188,197	–
Financing	(314,825,443)	(11,484,479)	–	–	50,000
Net increase (decrease) in cash	(₱24,506,685)	₱21,140,427	₱231,824	₱230,188,197	₱50,000

	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)	–	–	–
Net increase (decrease) in cash	₱22,349,886	(₱4,433,058)	(₱84,790)	₱–	₱–

24. Cost of Services

This account consists of:

	Note	2021	2020	2019
Depreciation	11	**₱79,439,916**	₱83,436,748	₱97,277,092
Personnel cost	30	**67,201,593**	73,579,844	83,174,170
Repairs and maintenance		**23,759,550**	32,822,359	41,500,673
Professional and legal fees		**6,466,386**	6,135,665	5,333,778
Taxes and licenses		**6,060,814**	4,631,539	5,835,624
Fuel and oil		**4,432,306**	3,410,568	9,613,569
Transportation and travel		**4,003,640**	5,122,926	7,342,103
Entertainment, amusement and recreation		**311,700**	117,806	–
Utilities		**152,545**	190,243	–
Others		**1,267,095**	1,145,392	2,028,292
		₱193,095,545	₱210,593,090	₱252,105,301

25. General and Administrative Expenses

This account consists of:

	Note	2021	2020	2019
Professional and legal fees		**₱61,484,495**	₱44,421,791	₱57,395,392
Personnel cost	30	**39,173,799**	48,330,204	39,768,056
Commissions		**9,886,510**	15,161,389	18,998,256
Entertainment, amusement and recreation		**9,205,178**	10,591,872	9,049,237
Rentals and utilities	32	**8,271,498**	8,252,143	8,894,883
Depreciation and amortization	11,13,32	**7,283,350**	9,278,110	17,807,698
Taxes and licenses		**6,348,475**	4,586,276	14,840,595
Transportation and travel		**5,951,312**	6,972,176	10,244,544
Outside services		**5,384,242**	5,431,678	9,178,447
Repairs and maintenance		**4,196,600**	4,407,282	4,136,199
Filing and listing fees		**2,387,237**	9,955,246	14,051,791
Freight and handling		**1,268,121**	1,782,285	1,566,224
Advertising and promotions		**1,016,304**	140,309	408,276
Supplies and materials		**577,230**	766,250	1,192,925
Others		**17,307,410**	8,687,409	1,359,100
		₱179,741,761	₱178,764,420	₱208,891,623

Others pertains to penalties, surcharges, bank charges, printing and stationery and other expenses which are not individually significant amounts.

26. Impairment Losses

This account consists of:

	Note	2020	2019
Input VAT	8	₱5,296,083	₱66,000
Receivables	6	5,113,430	–
Advances to supplier	8	1,256,703	35,867,759
Property and equipment	11	–	22,595,049
		₱11,666,216	₱58,528,808

27. Income Taxes

The provision for income tax shown in the consolidated statement of comprehensive income consists of:

	2021	2020	2019
Current	**₱95,221**	₱5,379,120	₱9,764,236
Deferred	**(69,188,394)**	99,111,477	214,717,825
	(₱69,093,173)	₱104,490,597	₱224,482,061

Provision for current income tax pertains to MCIT in 2021 (and 2020). In 2019, provision for current income tax consists of MCIT and RCIT amounting to ₱3.06 million and ₱6.70 million, respectively.

The reconciliation of provision for (benefit from) income tax expense computed at the statutory income tax rate to the provision for (benefit from) income tax follows:

	2021	2020	2019
Provision for (benefit from) income tax expense at statutory tax rate	**(₱24,052,227)**	₱64,359,403	₱88,703,670
Tax effects of:			
Effect of change in income tax rate	**(76,665,640)**	–	–
Expired NOLCO	**19,484,045**	–	–
Nondeductible expense	**1,693,791**	7,642,066	3,353,650
Interest expense - accretion (redemption)	**493,149**	891,766	(2,067,503)
Expired excess MCIT over RCIT	**471,700**	–	–
Income subject to final tax	**(12,594)**	(32,722)	(33,171)
Stock issuance cost	**–**	(197,728)	–
Change in unrecognized deferred tax assets	**9,494,603**	31,827,812	134,525,415
	(₱69,093,173)	₱104,490,597	₱224,482,061

The components of the Group's deferred tax assets are as follows:

	2021	2020
Deferred tax assets recognized in profit or loss:		
Difference in the tax base and accounting base of land and land development	₱12,511,825	₱15,014,190
Allowance for impairment losses on receivables	5,920,400	7,104,481
Pension liabilities	5,013,098	5,863,643
Excess of MCIT over RCIT	2,089,436	7,229,946
Provisions for administrative fines	172,335	206,802
Lease liability	216,209	259,541
Unrealized foreign exchange loss	988	–
	₱25,924,291	₱35,678,603

The components of the Group's deferred tax liabilities are as follows:

	2021	2020
Deferred tax liabilities recognized in profit or loss:		
Unrealized gain on fair valuation of investment property	₱358,415,573	₱355,321,500
Increase in fair value due to purchase price allocation	66,450,513	79,740,615
Right-of-use asset	170,132	204,158
Commission - PFRS 15	201,909	242,291
Gross profit on real estate sales	–	68,625,444
Unrealized gain on foreign exchange	–	78,794
	425,238,127	504,212,802
Deferred tax liabilities recognized in OCI:		
Remeasurement gain on defined benefit obligation	4,379,480	5,134,989
	₱429,617,607	₱509,347,791

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 P399.95 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. Capital gains tax recognized by the Group amounted to ₱26.94 million in 2017, which is outstanding as at December 31, 2021 (and 2020).

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:

	2021	2020
NOLCO	₱587,674,447	₱386,774,049
Allowance for impairment losses	243,019,789	242,479,271
Pension liabilities	25,831,296	31,529,647
Excess of MCIT over RCIT	9,634,687	1,713,028

The details of the Group's unused NOLCO which can be claimed as deduction from future taxable income during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2021	₱–	₱155,660,753	₱–	₱6,508,727	2026
2020	159,638,615	–	–	159,638,615	2025
2019	143,860,838	–	(57,402,947)	86,457,891	2022
2018	83,274,596	–	(83,274,596)	–	2021
	₱386,774,049	₱155,660,753	(₱140,677,543)	₱252,605,233	

Under the Republic Act No. 11494, also known as *"Bayanihan to Recover As One Act"*, and as implemented by the BIR under RR No. 25-2020, the Group is allowed to carry-over the NOLCO incurred for taxable years 2021 and 2020 as a deduction from gross income for the next five taxable years.

The details of the Group's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2021	₱–	₱6,508,727	₱–	₱6,508,727	2024
2020	5,409,119	–	–	5,409,119	2023
2019	3,260,615	–	–	3,260,615	2022
2018	273,240	–	(273,240)	–	2021
	₱8,942,974	₱6,508,727	(₱273,240)	₱15,178,461	

NOLCO and MCIT presented in the above tables include the amount of NOLCO and MCIT of GLCI.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act") was approved and signed into law by President Rodrigo Duterte. Under the CREATE Act, the Regular Corporate Income Tax (RCIT) of domestic corporations was revised from 30% to 25% and 20%, depending on the amount of total assets or total amount of taxable income. In addition, the Minimum Corporate Income Tax (MCIT) was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

The changes in the income tax rates retrospectively became effective beginning July 1, 2020. However, the income tax rates used in preparing the separate financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. As provided by PAS 12, *Income Taxes*, components of current tax expense may include any adjustments recognized in the period for the income tax of prior period. For the year ended December 31, 2021, current tax expense decreased by ₱1.34 million as a result of adjustment for changes in the tax rates in 2020, while the increase in deferred tax benefit due to change in tax rate amounted to ₱78.09 million.

28. Interest Expense

This account consists of:

	Note	2021	2020	2019
Loans payable	15	**₱36,325,097**	₱68,769,379	₱217,164,554
Short-term loans	14	**35,884,846**	61,127,580	60,032,838
Share lending agreement	23	**14,325,178**	–	–
Convertible loans	18	**24,688,107**	33,669,773	32,423,042
Installment payable	17	**2,753,478**	8,760,215	7,512,759
Obligation under finance lease	17	**116,317**	31,692	703,603
Lease liability	31	**63,317**	105,713	128,095
		₱114,156,340	₱172,464,352	₱317,964,891

29. Personnel Costs

This account consists of:

	Note	2021	2020	2019
Cost of services:	24			
Salaries and wages		**₱46,300,688**	₱53,040,104	₱64,100,237
Pension expense	22	**5,181,334**	4,346,048	1,947,881
Other employee benefits		**15,719,571**	16,193,692	17,126,052
		67,201,593	73,579,844	83,174,170
General and administrative expenses:	25			
Salaries and wages		**29,671,546**	38,472,344	31,983,863
Pension expense	22	**1,680,434**	1,636,367	1,221,912
Other employee benefits		**7,821,819**	8,221,493	6,562,281
		39,173,799	48,330,204	39,768,056
		₱106,375,392	₱121,910,048	₱122,942,226

30. Basic/Diluted EPS

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company for the year over the weighted average number of common shares outstanding during the year.

Basic EPS Attributable to Equity Holders of the Parent Company

	2021	2020	2019
Net income (loss) attributable to equity holders of the Parent Company	**(₱47,826,957)**	₱97,338,426	₱238,120,942
Weighted average number of outstanding common shares*	**2,188,586,397**	2,012,450,586	1,880,980,593
Basic Earnings (Loss) Per Share	**(₱0.0219)**	₱0.0484	₱0.1266

**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.*

The weighted average number of common shares outstanding are computed as follows:

	2021	2020	2019
Number of shares at beginning of year	**2,012,450,586**	1,990,480,889	1,990,480,889
Weighted average number of Parent Company shares issued during the year	**176,135,811**	21,969,697	–
Weighted average number of Parent Company shares held by a subsidiary	–	–	(109,500,296)
	2,188,586,397	2,012,450,586	1,880,980,593

Diluted EPS Attributable to Equity Holders of the Parent Company

	2019
Net income 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 EPS	₱0.1141

Diluted EPS is computed similar to the computation of the basic EPS except that the net income attributable to equity holders of the parent and the weighted average number of shares outstanding should be adjusted for the effects of all dilutive potential common shares. The effect of the conversion option of the convertible loans is anti-dilutive in 2021 (anti-dilutive 2020 and dilutive in 2019). Thus, the basic and diluted EPS are the same in 2021 (and 2020).

31. Leases

The Group has a lease contract for office space used in its operations which has a lease term of four 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 are as follows:

	Note	2021	2020
Cost			
Balance at beginning and end of year		**₱1,968,707**	₱1,968,707
Accumulated Depreciation			
Balance at beginning of year		**1,288,181**	618,301
Depreciation	26	**669,880**	669,880
Balance at end of year		**1,958,061**	1,288,181
Net Carrying Amount		**₱10,646**	₱680,526

The rollforward analysis of lease liabilities are as follows:

	Note	2021	2020
Balance at beginning of year		**₱865,137**	₱1,444,423
Payment		**(685,000)**	(684,999)
Interest expense	29	**63,317**	105,713
Balance at end of year		**₱243,454**	₱865,137

As at December 31, 2021, the current and noncurrent portion of lease liabilities amounted to ₱0.19 million and ₱0.68 million, respectively (₱0.86 million and ₱0.58 million, respectively, as at December 31, 2020).

The following are the amounts recognized in the consolidated statement of comprehensive income:

	Note	2021	2020	2019
Expenses relating to short-term leases	25, 26	**₱2,865,151**	₱2,469,674	₱1,740,809
Depreciation expense of right-of-use assets	26	**669,880**	669,880	618,301
Interest expense on lease liabilities	29	**63,317**	105,713	128,095
		₱3,598,348	₱3,245,267	₱2,487,205

32. Financial Assets and Financial Liabilities

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 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 main risks arising from the Group's financial assets and financial liabilities are liquidity risk, credit risk and interest rate risk. Exposure to these risks arises in the normal course of business activities. The Group's BOD reviews and approves actions for managing each of these risks which are summarized below:

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 following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2021 (and 2020) based on contractual undiscounted cash flows. 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.

	2021			
	<120 days	**121-360 days**	**>360 days**	**Total**
Financial Liabilities				
Trade and other payables*	**₱381,839,557**	**₱–**	**₱–**	**₱381,839,557**
Short-term loans**	**234,204,632**	**20,350,000**	**–**	**254,554,632**
Loans payable**	**29,271,776**	**88,928,115**	**177,091,858**	**295,291,749**
Purchased land payable	**5,677,930**	**–**	**–**	**18,102,930**
Obligation under finance lease	**714,769**	**–**	**–**	**528,206**
Convertible loan**	**–**	**–**	**100,000,000**	**100,000,000**
Lease liability**	**243,454**	**–**	**–**	**901,228**
Callable loans**	**880,000**	**23,440,000**	**–**	**24,320,000**
	₱652,832,118	**₱132,718,115**	**₱277,091,858**	**₱1,075,538,302**

** Excluding statutory and other nonfinancial liabilities amounting to ₱193.81 million*
*** Including future interest*

	2020			
	<120 days	121-361 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

** Excluding statutory and other nonfinancial liabilities amounting to ₱309.43 million*
*** Including future interest*

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. 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 credit quality of the Group's financial assets are as follows:

	2021					
	Neither Past Due nor Impaired			Past Due but		
	High Grade	Medium Grade	Total	not Impaired	Impaired	Total
Cash in banks	₱89,845,913	₱–	₱89,845,913	₱–	₱–	₱89,845,913
Receivables						
Contract receivables	33,352,852	–	33,352,852	–	1,834,079	35,186,931
Trade	–	1,388,982	1,388,982	–	–	1,388,982
Others	–	–	–	–	4,636,569	4,636,569
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱123,198,765	₱2,241,004	₱125,439,769	₱3,042,702	₱6,470,648	₱134,953,119

	2020					
	Neither Past Due nor Impaired			Past Due but		
	High Grade	Medium Grade	Total	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

The Group has determined that the credit quality of all neither past nor impaired financial assets as of December 31, 2021 (and 2020) 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.

The table below shows the Group's aging analysis of financial assets.

	2021					
	Neither Past Due nor	Past Due but not Impaired				
	Impaired	<120 days	121-360 days	>360 days	Impaired	Total
Cash in banks	₱89,227,003	₱–	₱–	₱–	₱–	₱89,227,003
Receivables						
Contract receivables	33,352,852	–	–	–	1,834,079	35,186,931
Trade	1,388,982	–	–	–	–	1,388,982
Others	–	–	–	–	4,636,569	4,636,569
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	852,022	–	–	–	–	852,022
	₱124,820,859	₱–	₱–	₱3,042,702	₱6,470,648	₱134,334,209

	2020					
	Neither Past Due nor Impaired	Past Due but not Impaired				
		<120 days	121-360 days	>360 days	Impaired	Total
Cash in banks	₱123,538,336	₱–	₱–	₱–	₱–	₱123,538,336
Receivables						
Contract receivables	24,735,281	–	–	–	1,834,079	26,569,360
Trade	8,930,119	3,250,815	–	–	1,787,649	13,968,583
Others	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
	₱159,142,795	₱3,250,815	₱–	₱3,042,702	₱9,469,229	₱174,905,541

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 ₱155.73 million as at December 31, 2021 (₱230.29 million as at December 31, 2020).

The Group's loans payable 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 to a reasonably possible change in interest rates with other variables held constant of the Group's income before income tax.

	Increase (Decrease)	Effect on Income Before Income Tax
2021	**4.03%**	**₱8,877,687**
	(4.03%)	**(8,877,687)**
2020	4.03%	8,877,687
	(4.03%)	(8,877,687)

33. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	2021						
		Noncash Transactions			Cash Transactions		
	Balance at beginning of year	Conversion	Interest Accretion	Addition	Proceeds	Payments	Balance at end of year
Convertible loans	₱495,006,168	(₱354,000,000)	₱1,993,831	₱–	₱–	(₱42,999,999)	₱100,000,000
Loans payable	351,365,093	–	–	–	–	(56,073,346)	295,291,747
Short-term loans	225,962,500	–	–	–	28,592,132	–	254,554,632
Deposit for future stock subscription	113,000,000	352,231,457	–	–	–	–	465,231,457
Callable loans	22,000,000	–	–	–	–	–	22,000,000
Lease liability	865,137	–	63,317	–	–	(685,000)	243,454
Obligations under finance lease	528,206	–	–	186,563	–	–	714,769
	₱1,208,727,104	(₱1,768,543)	₱2,057,148	₱186,563	₱28,592,132	(₱99,758,345)	₱1,138,036,059

	2020					
		Noncash Transactions		Cash Transactions		
	Balance at beginning of year	Sale in Exchange of Loans	Interest Accretion	Proceeds	Payments	Balance at end of year
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					
		Noncash transactions		Cash Transactions		
	Balance at beginning of year	Sale in Exchange of Loans	Interest Accretion	Proceeds	Payments	Balance at end of year
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

34. Agreements

Service Contract with 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.

Mining related services recognized by the Group amounted to ₱174.16 million in 2021 (₱241.74 million and ₱341.17 million in 2020 and 2019, respectively). This includes equipment rental amounting to ₱518,314 million in 2021 (₱1.27 million and ₱2.89 million in 2020 and 2019, respectively).

Agreement with Home Trenz Realty Corp. (Home Trenz)
In October 2021, the GLCI and Home Trenz entered into a deed of assignment with the following terms (a) GLCI will provide ₱25.2 million to acquire certain properties while Home Trenz will subdivide, market and sell the properties under its name; and (b) GLCI is entitled to 300% of its contribution as its share of profits and Home Trenz is entitled to any surplus profits and proceeds on the sale of the properties.

In 2021, Home Trenz transferred its rights and interest over the amount of ₱54.3 million to GLCI which constitute as initial distributive share of GLCI on the agreed profit share of the project. The initial distributive share was included in "Other income (charges) in the consolidated statement of comprehensive income.

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, 2021 (and 2020), the Group is currently under negotiation to finalize the sale of PHMIC and PSMVI, in relation to this Letter Agreement.

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35. 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, CUBES' operations was discontinued and was put on hold due to operational issues. As of December 31, 2021, 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.

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation and Subsidiaries
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 and for the year ended December 31, 2021 and have issued our report thereon dated May 16, 2022. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes 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 PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at and for the year ended December 31, 2021 and no material exceptions were noted.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2019
Valid until October 16, 2022
PTR No. 8851704
Issued January 3, 2022, Makati City

May 16, 2022
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021 and 2020

Ratio	Formula		2021	2020
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		**0.78**	0.76
	Total Current Assets	₱1,365,507,797		
	Divide by: Total Current Liabilities	1,758,940,014		
	Current Ratio	0.78		
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		**0.21**	0.23
	Total Current Assets	1,365,507,797		
	Less: Inventories	(765,386,058)		
	Other Current Assets	(226,491,288)		
	Quick Assets	373,630,451		
	Divide by: Total Current Liabilities	1,758,940,014		
	Acid Test Ratio	0.21		
Debt-to-Equity Ratio	**Total Interest-Bearing debt divided by Total Equity**		**0.46**	0.99
	Total interest-bearing debt	₱678,239,078		
	Total Equity	1,488,954,455		
	Debt to Equity Ratio	0.46		
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		**2.53**	3.21
	Total Assets	₱3,770,249,977		
	Total Equity	1,488,954,455		
	Asset to Equity Ratio	2.53		
Interest Rate Coverage Ratio	**Earnings Before Interest and Taxes divided by Total Interest Expense**		**0.00**	2.22
	Net Loss Before Income Tax	(₱111,280,305)		
	Less: Interest income	(2,680,377)		
	Add: Interest Expense	114,156,340		
	Earnings Before Interest and Taxes	195,658		
	Divide by: Interest Expense	114,156,340		
	Interest Rate Coverage Ratio	0.00		

Ratio	Formula		2021	2020
Return on Equity	**Net Income (Loss) divided by Average Total Equity**		**(3.12%)**	9.86%
	Net Loss	(₱42,187,132)		
	Average Total Equity	1,351,253,908		
	Return on Equity	(3.12%)		
Return on Assets	**Net Income (Loss) divided by Average Total Assets**		**(2.99%)**	3.98%
	Net Income	(₱42,187,132)		
	Average Total Assets	1,412,760,279		
	Return on Assets	(2.99%)		
Solvency Ratio	**Net Income (Loss) Before Non-Cash Expenses divided by Total Liabilities**		**2.33%**	8.29%
	Net Loss	(₱42,187,132)		
	Add: Non-Cash Expenses	95,448,136		
	Net Income Before Non-Cash Expenses	53,261,004		
	Total Liabilities	2,281,295,522		
	Solvency Ratio	2.33%		
Net Profit Margin	**Net Income (Loss) divided by Total Revenue**		**(12.08%)**	15.23%
	Net Loss	(₱42,187,132)		
	Total Revenue	349,117,555		
	Net Profit Margin	(12.08%)		

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation and Subsidiaries
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 financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at and for the year ended December 31, 2021 and have issued our report thereon dated May 16, 2022. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Group's management.

These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2021
- Schedules Required by Annex 68-J as at December 31, 2021
- Conglomerate Map as at December 31, 2021

These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic financial statements. The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
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PTR No. 8851704
Issued January 3, 2022, Makati City

May 16, 2022
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

PARENT COMPANY'S RECONCILIATON OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2021

	Amount
Unappropriated retained earnings, as at December 31, 2020	(₱196,230,090)
Add (less) -	
Deferred tax liabilities	403,578
Unappropriated retained earnings available for dividend distribution as at January 1, 2021, as adjusted	(195,826,512)
Net income during the period closed to retained earnings	(127,331,442)
Unappropriated retained earnings as adjusted to available for dividend declaration, at end of year	(₱323,157,954)

PREMIERE HORIZON ALLIANCE CORPORATION
AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2021

Table of Contents

Schedule A. Financial Assets

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Interest Received and Accrued
Financial Assets at Amortized Costs				
Cash	₱89,845,913	₱89,845,913	₱–	₱–
Receivables			–	–
Contract receivables	35,186,931	35,186,931	–	–
Contract assets	315,378,037	315,378,037	–	–
Trade	1,388,982	1,388,982	–	–
Other noncurrent assets			–	–
Receivable from PAGCOR	3,042,702	3,042,702	–	–
Security deposits	852,022	852,022	–	–
	₱445,694,587	₱445,694,587	₱–	₱–

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

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at End of Period
Officers and employees	₱50,468,382	₱13,255,922	₱–	₱–	63,724,304	₱–	₱63,724,304

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial statements

Name and Designation of Debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at End of Period
Premiere Horizon Alliance Corporation	₱308,390,091	₱–	₱–	₱–	₱–	₱–	₱–
Goshen Land Capital Inc.	–	–	–	–	–	–	–
Premiere Georesources and Development Inc.	–	–	–	–	–	–	–
West Palawan Premiere Development Corp.	55,674,560	–	–	–	–	–	–
Treasure Cove at Nagtabon Beach, Inc.	3,493,974	–	–	–	–	–	–
Concepts Unplugged Business Environment Solutions (CUBES), Inc.	941,237	–	–	–	–	–	–
PH Big Bounty Entertainment, Inc.	203,695	–	–	–	–	–	–
PH Agriforest Corporation	1,341,090	–	–	–	–	–	–
Premiere Horizon Business Services, Inc.	1,183,680	–	–	–	–	–	–
PH Mining and Development Corporation	14,411,009	–	–	–	–	–	–
Digiwave Solutions Incorporated	7,062,862	–	–	–	–	–	–
Palawan Star Mining and Ventures, Inc.	5,864,652	–	–	–	–	–	–
PH Mining and Development Corporation	7,689,548	–	–	–	–	–	–
	₱406,256,398	–	–	–	₱0	₱0	₱0

Schedule D. Long-term debt

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Long-term Debt" in Related Balance Sheet"
Loans Payable			
BPI Family Savings Bank	₱6,000,000	₱6,000,000	₱–
Other Financing Institutions	558,135,372	340,507,217	217,628,155
Loans and advances			
Andres Del Rosario	17,050,000	17,050,000	–
Augusto Antonio Serafica Jr.	26,486,007	26,486,007	–
Manolo Tuason	7,500,000	7,500,000	–
Meletina G. Aquino	6,000,000	6,000,000	–
Raul Ma. F. Anonas	14,325,000	14,325,000	–
Siso M. Lao	14,350,000	14,350,000	–
Callable loans - KSK SMP Corp.	22,000,000	22,000,000	–
	₱671,846,379	**₱454,218,224**	**₱217,628,155**

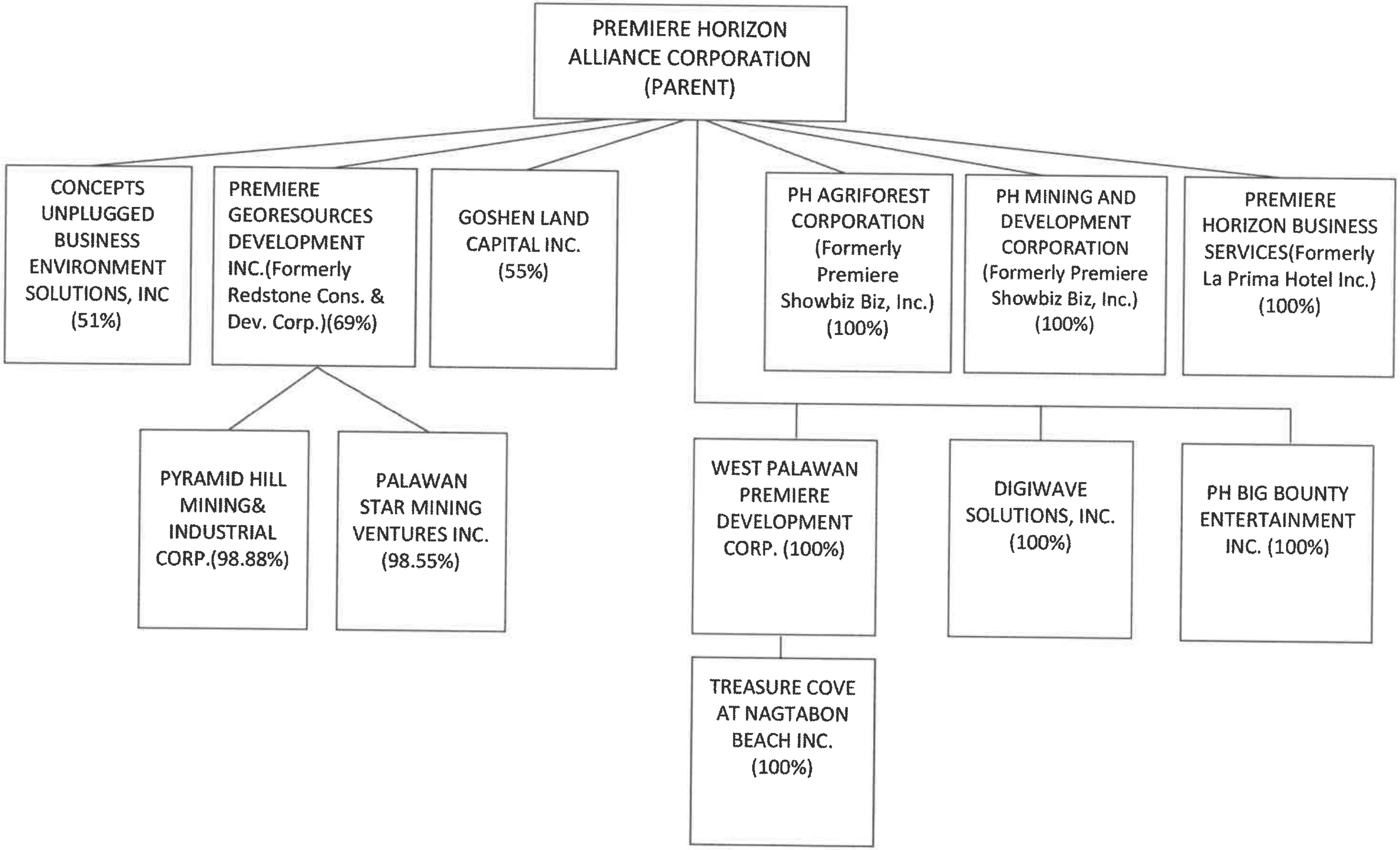
Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	6,000,000,000	2,596,541,501	–	–	436,822,647	2,159,718,854

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

MAP OF GROUP STRUCTURE

DECEMBER 31, 2021 and 2020



Gmail

Premiere Horizon <premierehorizon@gmail.com>

SEC CiFSS-OST Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph> Tue, May 17, 2022 at 3:01 PM

Greetings!

SEC Registration No: 0000147584
Company Name: PREMIERE HORIZON ALLIANCE CORPORATION
Document Code: AFS

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

Thank you.

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City,
1307, Metro Manila, Philippines

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Gmail

Premiere Corporation <phac1705@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: PHAC1705@gmail.com
Cc: PHAC1705@gmail.com

Tue, May 17, 2022 at 2:14 PM

Hi PREMIERE HORIZON ALLIANCE CORPORATION,

Valid files

- EAFS002727376RPTTY122021.pdf
- EAFS002727376ITRTY122021.pdf
- EAFS002727376AFSTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3MRTWRQ20E89C8DMQY3NWRP0QZ4XXQ2P**
Submission Date/Time: **May 17, 2022 02:14 PM**
Company TIN: **002-727-376**

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

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

This is a system-generated e-mail. Please do not reply.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5 2 4 1 2

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
AASFS	CRMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.premierehorizonalliance.com	(02) 8632-7714	Not Applicable

No. of Stockholders	Annual Meeting	Calendar Year (Month / Day)
130	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	Mobile Number
Mr. Raul Ma. F. Anonas	Not Applicable	(02) 8632-7715	Not Applicable

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 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, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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.

Reyes Tacandong & Co. and SyCip Gorres Velayo & 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

ROBERTO B. ORTIZ
President & CEO

BRANDON BENITO P. LEONG
Treasurer

Signed this 16th day of May 2022

SUBSCRIBE AND SWORN TO BEFORE ME THIS MAY 1 2 2022 AT PASIG CITY BY THE ABOVE AFFIANT/S.
DOC. NO. 212
PAGE NO. 52
BOOK NO. 29
SERIES OF 22

ATTY. LETICIA M. AMON
Notary Public
Pasig Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR BCE No. 8121781 / 01-03-22
Lifetime IBP Member No. 04246
Official Receipt No. 574709, IBP Chapter
MCLE Compliance No. VII-0000050 / 0...-2019
Ground Flr. Armal Center, U. Velasco Ave., Malinao, Pasig City

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
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 accompanying separate financial statements of Premiere Horizon Alliance Corporation (the Company), which comprise the separate statement of financial position as at December 31, 2021, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to separate financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Matter

The separate financial statements of the Company as at December 31, 2020 and for the years ended December 31, 2020 and 2019 were audited by another auditor whose report dated May 27, 2021, expressed an unmodified opinion on those separate financial statements.

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 the auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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Issued January 3, 2022, Makati City

May 16, 2022
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION

SEPARATE STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Comparative Figures for 2020)

	Note	2021	2020
ASSETS			
Current Assets			
Cash	4	**₱4,195,924**	₱55,659,195
Current portion of receivables	5	**60,842,188**	46,195,563
Notes receivables	15	**35,558,000**	35,558,000
Dividends receivable	15	**5,450,000**	5,450,000
Due from related parties	15	**24,610,339**	24,121,802
Other current assets	6	**72,524,910**	68,832,911
Total Current Assets		**203,181,361**	235,817,471
Noncurrent Assets			
Receivables - net of current portion	5	**405,000,000**	405,000,000
Property and equipment	7	**6,125,653**	6,984,062
Film rights	8	**3,244,012**	3,649,512
Investments in subsidiaries	9	**1,451,743,810**	1,451,743,810
Other noncurrent assets		**39,637**	72,877
Total Noncurrent Assets		**1,866,153,112**	1,867,450,261
		₱2,069,334,473	₱2,103,267,732

	Note	2021	2020
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	11	**₱248,054,632**	₱225,962,500
Accounts and other payables	12	**224,946,308**	212,994,467
Due to related parties	15	**444,930,100**	576,207,846
Obligation under finance lease - current	13	**714,769**	528,206
Dividend payable	18	**39,800,000**	39,800,000
Capital gains tax	15	**26,940,000**	26,940,000
Current portion of convertible loans	10	–	300,370,775
Total Current Liabilities		**985,385,809**	1,382,803,794
Noncurrent Liabilities			
Noncurrent portion of convertible loans	10	–	94,635,393
Loans from officers and shareholders	11	–	64,500,000
Loan from a third party	11	–	8,000,000
Pension obligation	14	**1,830,917**	1,862,077
Deposit for future stock subscription	18	**465,231,457**	113,000,000
Deferred tax liabilities	16	**25,062**	403,578
Total Noncurrent Liabilities		**467,087,436**	282,401,048
Total Liabilities		**1,452,473,245**	1,665,204,842

(Forward)

	Note	2021	2020
Equity			
Capital stock	18	**₱800,650,526**	₱563,529,313
Additional paid-in capital	18	**139,697,050**	70,924,338
Deficit	18	**(323,561,532)**	(196,230,090)
Remeasurement gain (loss) on pension obligation	14	**75,184**	(160,671)
Total Equity		**616,861,228**	438,062,890
		₱2,069,334,473	₱2,103,267,732

See accompanying Notes to Separate Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Figures for 2020)

	Note	**2021**	2019
EXPENSES			
Professional and legal fees		**₱48,472,980**	₱27,147,198
Personnel costs	14	**5,431,114**	6,470,673
Entertainment, amusement and representation		**3,593,200**	2,613,783
Taxes and licenses		**3,465,819**	735,278
Depreciation and amortization	7, 8	**2,808,590**	3,140,184
Transportation and travel		**2,164,043**	2,395,273
Rent		**819,669**	858,380
Utilities		**809,938**	825,335
Communication		**760,055**	1,247,820
Repairs and maintenance		**600,863**	216,927
Meal allowance		**496,598**	1,070,557
Insurance		**265,658**	233,334
Training and seminar		**263,000**	150,000
Office supplies		**220,452**	118,110
Advertising		**49,945**	29,700
Bank service charge		**18,251**	48,166
Provision for impairment losses	5	**–**	5,113,430
Others		**6,395,894**	2,561,636
		76,636,069	54,975,784
OTHER INCOME (CHARGES)			
Interest income	4	**26,038**	14,014
Interest expense	20	**(62,991,166)**	(84,147,130)
Other income (charges) - net		**12,393,692**	(12,625)
		(50,571,436)	(84,145,741)
LOSS BEFORE INCOME TAX		**127,207,505**	139,121,525
PROVISION FOR INCOME TAX	16	**123,937**	–
NET LOSS		**127,331,442**	139,121,525
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) on defined benefit obligation - net of tax	14	**247,331**	(222,806)
TOTAL COMPREHENSIVE LOSS		**₱127,084,111**	₱139,344,331

See accompanying Notes to Separate Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Figures for 2020)

	Note	**2021**	2019
CAPITAL STOCK - ₱0.25 par value	18		
Balance at beginning of year		**₱563,529,313**	₱497,620,222
Additional subscription		**237,121,213**	65,909,091
		800,650,526	563,529,313
ADDITIONAL PAID-IN CAPITAL	18		
Balance at beginning of year		**70,924,338**	50,492,523
Additional subscription to outstanding common shares		**75,878,790**	21,090,909
Stock issuance cost		**(7,106,078)**	(659,094)
Balance at end of year		**139,697,050**	70,924,338
DEFICIT			
Balance at beginning of year		**(196,230,090)**	(57,108,565)
Net loss		**(127,331,442)**	(139,121,525)
Balance at end of year		**(323,561,532)**	(196,230,090)
REMEASUREMENT GAIN (LOSS) ON PENSION OBLIGATION	14		
Balance at beginning of year		**(160,671)**	62,135
Remeasurement gain (loss) on defined benefit obligation		**247,331**	(222,806)
Change in income tax rate		**(11,476)**	–
Balance at end of year		**75,184**	(160,671)
		₱616,861,228	₱438,062,890

See accompanying Notes to Separate Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020)

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**(₱127,207,505)**	(₱139,121,525)
Adjustments for:			
Interest expense	20	**62,991,166**	84,147,130
Depreciation and amortization	7, 8	**2,808,590**	3,140,184
Pension expense	14	**298,615**	262,123
Interest income	4	**(26,038)**	(14,014)
Provision for impairment loss	5	**–**	5,113,430
Operating loss before working capital changes		**(61,135,172)**	(46,472,672)
Decrease (increase) in:			
Receivables		**(14,646,625)**	5,036,347
Other current assets		**(3,815,941)**	(57,195,776)
Increase (decrease) in accounts and other payables		**9,006,958**	28,874,209
Net cash used for operations		**(70,590,780)**	(69,757,892)
Interest received		**26,038**	14,014
Net cash used in operating activities		**(70,564,742)**	(69,743,878)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment		**(1,544,681)**	(149,990)
Decrease (increase) in:			
Due from related parties		**(488,537)**	152,332,364
Other noncurrent assets		**33,240**	1,040,534
Additional investments in subsidiaries		**–**	(129,000,000)
Net cash provided by (used in) investing activities		**(1,999,978)**	24,222,908
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Deposit for future stock subscription		**70,225,289**	113,000,000
Issuance of capital stock		**192,893,925**	86,340,906
Availment of short-term loans		**22,092,132**	–
Payments of:			
Interest		**(60,518,714)**	(79,174,577)
Short-term loans		**–**	(7,062,500)
Obligations under finance lease		**186,563**	(1,832,621)
Convertible loans		**–**	(4,500,000)
Loan from officers and shareholders		**(72,500,000)**	(300,000)
Decrease in due to related parties		**(131,277,746)**	(13,500,000)
Net cash provided by financing activities		**21,101,449**	92,971,208
NET INCREASE (DECREASE) IN CASH		**(51,463,271)**	47,450,238
CASH AT BEGINNING OF YEAR		**55,659,195**	8,208,957
CASH AT END OF YEAR		**₱4,195,924**	₱55,659,195

See accompanying Notes to Separate Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS

(With Comparative Information for 2020)

1. General Information

Corporate Information

Premiere Horizon Alliance Corporation (PHA or the 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 Company's primary and secondary purpose, as changed, is to engage in business activities relating to entertainment, gaming, hotel, and leisure and to expand to mining and real estate industries, respectively.

On August 10, 2016, the SEC approved the change in the Company's primary purpose to that of an investment holding company and the relegation of the primary purpose to the secondary purposes.

The 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.

As at December 31, 2021 and 2020, the subsidiaries of the Company, which are all incorporated in the Philippines, are as follows:

		Percentage of Ownership		
	Industry	Direct	Indirect	Total
West Palawan Premiere Development Corp. (WPP)	Real estate	100	–	100
Treasure Cove at Nagtabon Beach, Inc. (TCNBI)	Real estate	–	100	100
Premiere Georesources and Development Inc. (PGDI)	Mining	69	–	69
Pyramid Hill Mining & Industrial Corp. (PHMIC)	Mining	–	68	68
Palawan Star Mining Ventures, Inc. (PSMVI)	Mining	–	68	68
Goshen Land Capital, Inc. (GLCI)	Real estate	55	–	55
Concepts Unplugged: Business Environment Solutions (CUBES), Inc.	Management , investment and/or technical solutions	51	–	51
Premiere Horizon Business Services, Inc. (PHBSI)*	Human resource management	100	–	100
PH Mining and Development Corporation (PHMDC)*	Mining	100	–	100
PH Agriforest Corporation (PHAC)*	Forestry	100	–	100
PH Big Bounty Entertainment, Inc. (PBBEI)*	Amusement	100	–	100
Digiwave Solutions Incorporated (DSI)*	Information technology	100	–	100

**Non-operating*

The separate financial statements as at and for the year ended December 31, 2021 were approved and authorized for issuance by the Board of Directors (BOD) on May 16, 2022.

Status of Operations and Management Plans

The financial position and financial performance of the Company were affected by the Corona Virus Disease (COVID-19) pandemic resulting in a liquidity gap on its currently maturing liabilities of ₱1.08 billion as at December 31, 2020. The liquidity gap on currently maturing liabilities is the excess of the current financial liabilities against current financial assets. The Company also incurred a net loss of ₱139.1 million in 2020, resulting in a deficit of ₱196.2 million as at December 31, 2020. These events and conditions may cast a significant doubt on the ability of the Company to continue as a going concern.

In 2021, the Company has undertaken the following initiatives:

- PHA increased its authorized capital stock from ₱563.56 million divided into 2,254,224,000 common shares at ₱0.25 par value a share to ₱1.50 billion divided into 6,000,000,000 common shares at ₱0.25 par value share. This was approved by the SEC on May 28, 2021. A new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in PHA at ₱0.33 a share for a total consideration of ₱925.0 million, of which, ₱300.0 million was to be paid for in cash and the balance for a period of two years in either a combination of cash and/or infusion of SquidPay Technology, Inc (SPTI) shares, with the intent of making SPTI a subsidiary (see Note 18). Of the amount to be paid for in cash, ₱300.0 million has been received as at December 31, 2021.

- PHA entered into a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of ₱2.5 billion over the next 36 months. Under the Put Option Agreement, PHA may, in its sole discretion issue a "Put Option Notice" (PON) under certain terms and conditions. LDA agrees to honor Put Option Notices from PHA based on the agreed per share subscription price. On October 15, 2021, LDA subscribed to 70,835,000 new primary shares of PHA at a subscription price of ₱1.01 per share. The subscription price of ₱71.5 million was fully paid and recognized as "Deposit for future stock subscription" (see Note 18).

- Convertible notes holder exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares (see Note 10). These converted notes were reclassified to deposit for future stock subscriptions, pending approval of the SEC. (see Note 10).

- Other initiatives are:
  - Negotiate principal payment extensions and deferrals with creditors;
  - Secure loans with the Group assets; and
  - Reduction and efficient management of operating expenses.

With these initiatives, the Company has been able to improve its financial position and expects that it will be able to improve its financial performance as well. Accordingly, the Company has prepared its financial statements on a going concern basis.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The separate financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The Company also prepares and issues consolidated financial statements for the same period in accordance with PFRS. In the consolidated financial statements, the subsidiary undertakings have been fully consolidated. Users of these separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated financial performance and consolidated cash flows of PHA and its subsidiaries. The consolidated financial statements may be obtained at the Company's registered office address and at the SEC.

Measurement Bases

The separate financial statements are presented in Philippine Peso, the Company's functional currency. All amounts are rounded to the nearest thousands unless otherwise stated.

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

Historical cost is generally based on the fair value of the consideration given in exchange of assets and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- 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.

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in Note 17.

Adoption of Amendment to PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendment to PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2021:

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021. The Company applied the practical expedient in its separate financial statements for the year ended December 31, 2020.

- Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The 2021 amendment is mandatory for entities that elected to apply the previous amendment. Accordingly, the Company has applied the amendment in the 2021 financial statements.

The adoption of the foregoing amendment to PFRS 16 did not have any material effect on the separate financial statements. Additional disclosures were included in the notes to separate financial statements, as applicable.

Amendments to PFRS in Issue But Not Yet Effective
Relevant amendments to PFRS which are not yet effective for the year ended December 31, 2021 and have not been applied in preparing the separate financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier 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 a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the separate statement of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at fair value through other comprehensive income (FVOCI).

The classification of a financial asset largely depends on the Company's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

As at December 31, 2021 and 2020, the Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Company's cash, receivables (excluding advances to officers and employees), notes receivables, dividends receivable, security deposits (presented as part of "Other current assets") and due from related parties.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Company's convertible loans, short-term loans, accounts and other payables, due to related parties, obligations under finance lease, dividend payable, loans from officers and shareholders and loan from a third party.

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Company measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

Trade Receivables. The Company has applied the simplified approach in measuring the ECL on trade receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The 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 and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial assets, the Company applies the general approach in determining ECL. The Company recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

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

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

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. 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 Company could be required to repay.

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

Offsetting Financial Assets and Liabilities
Financial assets and liabilities are offset and the net amount is reported in the separate 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 assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

Other Current Assets

Other Current Assets
This account mainly consists of advances for investments, excess of input value-added tax (VAT) over output VAT and creditable withholding taxes (CWT), among others.

Advances for investments. Advances for investments represent down payments for future projects of the \Company's projects. These are charged to expense or capitalized to projects in the separate statement of financial position.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statement of financial position.

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.

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount. CWT that are expected to be utilized as payment for income taxes beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is stated at cost less accumulated impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when 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 additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Office space	10
Office space improvements	5
Furniture and fixtures	5
Office equipment	5
Transportation equipment	5

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Fully depreciated assets are retained in the accounts until these are no longer in use.

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, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the separate statement of comprehensive income in the year 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 treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the separate statement of comprehensive income in the expense category consistent with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from the 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 consolidated statement 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
Subsidiaries are entities controlled by the Company. The Company has control when it is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to elements evidencing control.

The Company recognizes dividends from its subsidiaries in profit or loss when its right to receive the dividend is established.

The Company carries its investment in subsidiaries using the cost method. Under the cost method, investments are carried in the Company's separate statements of financial position at cost less any impairment in value.

Impairment of Nonfinancial Assets
Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the 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 (CGU) 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.

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

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.

Deposit for Future Stock Subscription

Deposits for future stock subscription represent funds received by the Company from an existing stockholder to be applied as payment for subscription of unissued shares or shares from the increase in authorized capital stock.

The Company shall classify a contract to deliver its own equity instruments under equity as a separate account from outstanding capital stock, if and only if, all of the following elements are present as at reporting date:

a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

b) There is BOD and stockholders approval on the proposed increase in the authorized capital stock (for which a deposit was received by the corporation); and

c) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If the foregoing conditions are not met, the deposits for future stock subscription are presented as a liability.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Equity component of convertible instruments are also included in additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

Subscription Receivable

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

Deficit
Deficit represent the cumulative balance of the Company's results of operations, net of dividends declared to date.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Interest Income. Interest income is recognized as the interest accrues using the effective interest rate.

Other Income. Income from other sources is recognized when earned.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Other Charges. Other charges include expenses which are incidental to the Company's business operations and are recognized in the separate statement of comprehensive income when incurred.

Short-term Leases
The Company applies the short-term lease recognition exemption to its short-term leases of commercial spaces (i.e., those leases hat have a lease term of 12 months or less from the commencement date and do not contain 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.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Pension Costs. The net defined benefit liability 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 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. These amounts are calculated periodically by independent qualified actuaries.

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

Remeasurements comprising actuarial gains and losses, difference between interest income and 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 (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognize related restructuring costs.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

Income Taxes

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

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

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- 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 profit or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

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

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Company's total assets. Details of transactions entered into by the Company with related parties are reviewed in accordance with the Company's related party transactions policy.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

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

Events after the Reporting Date

Post year-end events that provide additional information about the separate's financial position at reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to separate financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the separate financial statements. The judgment, estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgment
In the process of applying the 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 separate financial statements.

Going Concern. As discussed in Note 1, the Company's financial position and financial performance were affected by the COVID-19 pandemic. This resulted to a liquidity gap on currently maturing liabilities amounting to ₱1.08 billion as at December 31, 2020. In addition, the Company's current liabilities exceeded its current assets by ₱1.26 billion as at December 31, 2020. The Company also incurred a net loss of ₱139.1 million in 2020, resulting in a deficit of ₱196.2 million as at December 31, 2020. These events and conditions may cast a significant doubt on the ability of the Company to continue as a going concern.

With the capital infusion in 2021, conversion of convertible loans to deposits for future stock subscriptions, the coming in of new investors and other initiatives already adopted, management has improved its financial position and expects to improve its financial performance as well.

Accordingly, the accompanying financial statements have been prepared on a going concern basis of accounting.

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

Determining Impairment of Receivables, Notes Receivables, Dividends Receivables and Due from Related Parties. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company did not recognize provision for ECL in 2021 (and 2020). Allowance for ECL on receivables and due from related parties aggregated to ₱14.96 million as at December 31, 2021 (and 2020) (see Notes 5 and 15). The carrying values of Company's financial assets as of December 31 follows:

	Note	**2021**	2020
Receivables*	5	**₱465,842,188**	₱451,195,563
Notes receivables	15	**35,558,000**	35,558,000
Dividends receivables	18	**5,450,000**	5,450,000
Due from related parties	15	**24,610,339**	1,329,550

**excluding advances to officers and employees*

Estimating the Useful Lives of Property and Equipment. The Company estimates the useful lives of the property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment in 2021 (and 2020). The carrying amount of property and equipment amounted to ₱6.13 million as at December 31, 2021 (and ₱6.98 million as at December 31, 2020) (see Notes 7 and 8).

Determining the Impairment of Nonfinancial Assets. The Company assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible asset is reviewed annually for impairment while it is still not yet available for use. Determining the value in use of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the separate financial statements. Future events could cause the Company to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's separate financial statements.

No provision for impairment loss was recognized in 2021 (and 2020). The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31 are as follows:

	Note	**2021**	2020
Property and equipment	7	**₱6,125,653**	₱6,984,062
Film rights	8	**3,244,012**	3,649,512
Investments in subsidiaries	9	**1,451,743,810**	1,451,743,810
Other assets*	6	**72,268,918**	68,053,766

** excluding security deposits*

Determining the Pension Cost. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. 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.

Pension liabilities amounted to ₱1.83 million as at December 31, 2021 (₱1.86 million as at December 31, 2020) (see Note 14). Pension cost recognized in profit or loss amounted to ₱0.30 million in 2021 (₱0.26 million in 2020). The remeasurement gain recognized in other comprehensive income amounted to ₱0.25 million in 2021 (remeasurement loss of ₱0.22 million in 2020 and 2019, respectively) (see Note 14).

Assessing the Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount 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 amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

As at December 31, 2021 and 2020, no deferred tax assets were recognized for NOLCO, excess MCIT over RCIT and other deductible temporary differences (see Note 16). Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

4. Cash

This account consists of:

	2021	2020
Cash on hand	**₱130,680**	₱130,680
Cash in banks	**4,065,244**	55,528,515
	₱4,195,924	₱55,659,195

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱26,038 in 2021 (₱14,014 million in 2020).

5. Receivables

This account consists of:

	Note	**2021**	2020
Receivable from:			
Related parties	15	**₱466,210,227**	₱450,816,629
Third parties		**–**	693,130
Advances to officers and employees		**257,749**	311,592
		466,467,976	451,821,351
Less: Noncurrent portion		**405,000,000**	405,000,000
Allowance for impairment loss		**625,788**	625,788
		₱60,842,188	₱46,195,563

In 2017, the Company entered into a contract to sell with its subsidiary, WPP, to sell, transfer and convey its investment property with a total area of 499.99 hectares, for a total consideration of ₱449.00 million payable on installment basis in three (3) years. The carrying value of 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 ₱449.00 million shall commence in 2021 and end in 2023. As of December 31, 2021 (and 2020), installment receivables amounting to ₱44.00 million is classified current receivable (see Note 15).

In 2020, third party receivables without allowance for ECL amounting to ₱5.11 million were directly written off by the Company.

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.

6. Other Current Assets

These accounts consist of:

	2021	2020
Advances for investments	**₱61,181,818**	₱55,121,212
Input VAT – net of allowance for impairment loss	**6,605,291**	7,511,128
Tax credits	**3,885,779**	4,009,716
Prepayments	**–**	1,312,833
Security deposits	**852,022**	852,022
Construction bonds	**–**	26,000
	₱72,524,910	₱68,832,911

Advances for investments represent down payments for future projects of the Company's projects.

Deferred input VAT amounting to ₱0.04 million in 2021 (and 2020) is presented under "Other noncurrent assets" account in the separate statement of financial position.

Tax credits pertain to creditable withholding taxes and are available for offset against income tax payable in future periods.

Security deposits pertain to the deposits paid by the Company to certain lessors at the inception of the lease contracts to be refunded at the end of the lease term.

Prepayments include prepaid insurance and rent which will be amortized within three to twelve months at the end of the financial reporting date.

7. Property and Equipment

The movements of this account are as follows:

	2021					
	Office Space	**Office Space Improvements**	**Furniture and Fixtures**	**Office Equipment**	**Transportation Equipment**	**Total**
Cost						
Balance at beginning of year	**₱13,881,990**	**₱6,502,333**	**₱1,349,731**	**₱1,732,333**	**₱20,487,735**	**₱43,954,122**
Additions	**–**	**216,745**	**–**	**109,038**	**1,218,898**	**1,544,681**
Balance at end of year	**13,881,990**	**6,719,078**	**1,349,731**	**1,841,371**	**21,706,633**	**45,498,803**
Accumulated Depreciation and Impairment						
Balance at beginning of year	**8,676,244**	**6,502,333**	**1,349,731**	**1,560,341**	**18,881,411**	**36,970,060**
Depreciation	**1,171,454**	**216,745**	**–**	**132,776**	**882,115**	**2,403,090**
Balance at end of year	**9,847,698**	**6,719,078**	**1,349,731**	**1,693,117**	**19,763,526**	**39,373,150**
Net Carrying Amount	**₱4,034,292**	**₱–**	**₱–**	**₱148,254**	**₱1,943,107**	**₱6,125,653**

	2020					
	Office Space	Office Space Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱13,881,990	₱6,502,333	₱1,349,731	₱1,582,343	₱20,487,735	₱43,804,132
Additions	–	–	–	149,990	–	149,990
Balance at end of year	13,881,990	6,502,333	1,349,731	1,732,333	20,487,735	43,954,122
Accumulated Depreciation and Impairment						
Balance at beginning of year	7,288,045	6,467,698	1,349,731	1,506,032	17,623,872	34,235,378
Depreciation	1,388,199	34,635	–	54,309	1,257,539	2,734,682
Balance at end of year	8,676,244	6,502,333	1,349,731	1,560,341	18,881,411	36,970,060
Net Carrying Amount	₱5,205,746	₱–	₱–	₱171,992	₱1,606,324	₱6,984,062

8. Film Rights

The movements of this account are as follows:

	2021	2020
Cost		
Balance at beginning and end of year	**₱59,641,480**	₱59,641,480
Accumulated Amortization and Impairment Losses		
Balance at beginning of year	**55,991,968**	55,586,466
Amortization	**405,500**	405,502
	56,397,468	55,991,968
Net Carrying Amount	**₱3,244,012**	₱3,649,512

9. Investment in Subsidiaries

Details of investments in subsidiaries accounted for under the cost method are as follow:

	2021	2020
WPP	**₱440,000,000**	₱440,000,000
GLCI	**427,000,000**	427,000,000
PGDI	**403,707,804**	403,707,804
DSI	**179,786,001**	179,786,001
CUBES	**79,879,414**	79,879,414
PHMDC	**3,062,500**	3,062,500
PBBEI	**1,250,005**	1,250,005
Premiere e-Teleservices, Inc. (PeTI)	**62,500**	62,500
PHBSI	**62,500**	62,500
PHAC	**62,500**	62,500
	1,534,873,224	1,534,873,224
Allowance for impairment losses	**83,129,414**	83,129,414
	₱1,451,743,810	₱1,451,743,810

<u>PGDI</u>
PGDI is primarily engaged into mining related services such as hauling and excavation for mining companies.

PGDI's subsidiaries, 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, 2021, 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.

<u>CUBES</u>
CUBES is primarily engaged in providing management, investment, and/or technical solutions to commercial, industrial, and other types of enterprises. In May 2017, CUBES operation was discontinued and was put on hold due to operational issues. As of December 31, 2021, 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 condominium including dormitories.

WPP
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 Company paid-in additional ₱129.00 million representing previously outstanding subscription payable for the capital stock of WPP.

WPP's subsidiary, 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 PHAC are engaged in the business activities relating to entertainment, gaming and human resources management consultant. As at December 31, 2021, these subsidiaries have not started commercial operations.

Details of the allowance for impairment are as follows:

	CUBES	PHBSI	PeTI	PHMDC	PHAC	Total
Balance 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 Company issued convertible notes amounting to ₱26.00 million and ₱408.00 million, respectively, to 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 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. As of December 31, 2019, the 'day 1 difference resulting from the extension amounted to ₱6.89 million.

In 2021, the convertible notes holder exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares. (see Note 18). In March 22, 2022, the SEC issued the Certificate of Approval of Valuation.

11. Short-term Loans

Party	Year	Principal Repayments	Outstanding Balance	Terms	Conditions
Banks	**2021**	**₱5,562,500**	**₱7,375,000**	180 to 360 days	Unsecured
	2020	2,062,500	12,937,500	6.50% to 6.75% per annum	
Shareholders and Officers	**2021**	**₱–**	**₱34,025,000**	180 to 360 days	Unsecured
	2020	300,000	34,025,000	6.00% per annum	
Third Parties	**2021**	**₱–**	**₱206,654,632**	180 to 360 days	Unsecured
	2020	5,000,000	179,000,000	7.50% to 12.00% per annum	
Total	**2021**	**₱5,562,500**	**₱248,054,632**		
	2020	₱7,362,500	₱225,962,500		

Short-term loans were obtained to finance the working capital requirements of the Company. Total interest expense on short-term loans amounted to ₱23.86 million in 2021 (₱61.13 million in 2020) (see Note 19).

Loans from Officers and Shareholders - Noncurrent

In 2019, the Company was able to secure several letters from its shareholders and officers representing their agreement to defer the collections of their short-term loans amounting to ₱64.50 million with the Company until December 31, 2021. Accordingly, the loan was presented as "Loans from Officers and Shareholders" under noncurrent liabilities in the separate statement of financial position as at December 31, 2021 (and 2020) (see Note 20). These unsecured loans bears interest of 6% per annum.

Loans from Third Party - Noncurrent

In 2019, the Company was able to secure a letter representing a third-party creditor's agreement to defer the collections of short-term loans amounting to ₱8.00 million with the Company until December 31, 2021. Accordingly, the loan was presented as "Loans from third parties" under noncurrent liabilities in the separate statement of financial position as at December 31, 2021 (and 2020). These unsecured loans bears interest of 8% per annum.

12. **Accounts and Other Payables**

This account consists of:

	2021	2020
Advances from officers and shareholders	**₱116,550,000**	₱66,232,765
Accounts payable	**37,114,843**	77,113,105
Accrued expense	**60,907,368**	61,290,568
Others	**10,374,097**	8,158,591
	₱224,946,308	₱212,795,029

Advances from officers and shareholder represents additional funds from the Company's officers and shareholders to be used in its ingoing 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 pertains to accrual of interest, salaries and benefits, professional fees and other taxes which are expected to be settled within 12 months from the end of the reporting period.

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.

13. **Obligation Under Finance Lease and Installment Payable**

In 2017 and 2016, the 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 the finance lease amounted to ₱0.71 million as at December 31, 2021 (₱0.53 million as at December 31, 2020).

Interest expense arising from obligations under finance lease amounted to ₱0.1 million in 2021 (₱0.03 million in 2020) (see Note 19).

14. **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 separate statement of financial position and the components of the net benefit expense recognized in the separate statement of comprehensive income for the pension plan.

Pension cost recognized in the separate statements of comprehensive income consists of:

	2021	2020
Service cost	**₱221,153**	₱191,119
Interest expense on defined benefit obligation	**77,462**	71,004
	₱298,615	₱262,123

Remeasurement gains (losses) on defined benefit obligation recognized under OCI in the consolidated statement of comprehensive income:

	2021	2020
Actuarial gains (losses) due to:		
Changes in:		
Financial assumptions	**₱292,823**	(₱390,529)
Demographic assumptions	**(18,707)**	–
Experience adjustments	**55,659**	72,235
Remeasurement gains (losses) on defined benefit obligation	**329,775**	(318,294)
Income tax effect	**(82,444)**	95,488
Remeasurement gains (losses)	**₱247,331**	(₱222,806)

Cumulative remeasurement effect recognized in OCI:

	2021	2020
Balance at beginning of year	**(₱160,671)**	₱88,765
Actuarial gain (loss)	**329,775**	(318,294)
	169,104	(229,529)
Income tax effect	**(82,444)**	68,858
Effect of change in tax rate	**(11,476)**	–
Balance at end of year	**₱75,184**	(₱160,671)

Changes in the present value of the defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year	**₱1,862,077**	₱1,281,660
Actuarial losses (gains) due to:		
Experience adjustments	**(55,659)**	(72,235)
Changes in financial assumptions	**(292,823)**	390,529
Changes in demographic assumptions	**18,707**	–
Service cost	**221,153**	191,119
Interest expense on defined benefit obligation	**77,462**	71,004
	₱1,830,917	₱1,862,077

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 Company are as follows:

	2021	2020
Discount rate	**5.20%**	4.16%
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)	Effect on the retirement benefit obligation	
		2021	2020
Discount rate	+100bps	**(₱275,107)**	(₱295,373)
	-100bps	**346,306**	375,764
Salary increase	+100bps	**342,719**	368,427
	-100bps	**(277,508)**	(295,775)

The Company 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:

	2021	2020
Less than one year	**₱327,155**	₱327,155
More than one year to five years	**–**	–

Personnel cost charged to separate statement of comprehensive income follows:

	2021	2020
General and administrative expense		
Salaries and wages	**₱3,698,204**	₱5,195,913
Pension expense	**298,615**	262,123
Other employee benefits	**1,434,295**	1,012,637
	₱5,431,114	₱6,470,673

15. Related Party Transactions

In the ordinary course of business, the Company has transactions with related parties which consist mainly of extension or availment of noninterest-bearing advances and interest-bearing short-term and long-term loans. Related party transactions amounting to 10% or higher of the Company's consolidated total assets are subject to the approval of the BOD.

For the year ended December 31, 2021 and 2020, the Company 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. As at December 31, 2021 (and 2020), allowance for impairment of receivables amounted to ₱14.33 million. Settlement of the outstanding balances normally occur in cash, unless otherwise stated.

Transactions and outstanding balances with related parties are as follows:

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Receivables		5					
PGDI	Subsidiary		**2021**	**₱–**	**₱–**	Due and demandable;	Unsecured;
			2020	389,936	–	non-interest bearing	no impairment
CUBES	Subsidiary		**2021**	**₱1,190,842**	**₱625,787**	Due and demandable;	Unsecured;
			2020	–	1,816,629	non-interest bearing	no impairment
WPP	Subsidiary		**2021**	**₱–**	**₱449,000,000**	Due and demandable;	Unsecured;
			2020	–	449,000,000	non-interest bearing	no impairment
			2021	**₱1,190,842**	**₱449,625,787**		
			2020	389,936	450,816,629		
Dividends Receivables							
PHBSI	Subsidiary		**2021**	**₱–**	**₱4,800000**	Due and demandable;	Unsecured;
			2020	–	4,800,000	non-interest bearing	no impairment
Long-term loans	Subsidiary		**2021**	**₱–**	**650,000**	Due and demandable;	Unsecured;
			2020	–	650,000	non-interest bearing	no impairment
			2021	**₱–**	**650,000**		
			2020	–	650,000		
Notes Receivables							
CUBES	Subsidiary		**2021**	**₱–**	**₱35,558,000**	8% interest	Unsecured;
			2020	–	35,558,000		no impairment
Due from Related Parties							
GLCI	Subsidiary		**2021**	**₱–**	**₱–**	Due and demandable;	Unsecured;
			2020	15,398,310	–	non-interest bearing	no impairment
PGDI	Subsidiary		**2021**	**–**	**–**	Due and demandable;	Unsecured;
			2020	3,114,200	–	non-interest bearing	no impairment
CUBES	Subsidiary		**2021**	**148,340**	**1,089,577**	Due and demandable;	Unsecured;
			2020	231,824	941,237	non-interest bearing	no impairment
DSI	Subsidiary		**2021**	**7,062,862**	**–**	Due and demandable;	Unsecured;
			2020	–	7,062,862	non-interest bearing	no impairment
PHBSI	Subsidiary		**2021**	**1,183,680**	**(247,239)**	Due and demandable;	Unsecured;
			2020	350,603	936,441	non-interest bearing	no impairment
PHAC	Subsidiary		**2021**	**1,341,090**	**–**	Due and demandable;	Unsecured;
			2020	411,336	1,341,090	non-interest bearing	no impairment
PBBEI	Subsidiary		**2021**	**203,695**	**–**	Due and demandable;	Unsecured;
			2020	118,048	203,695	non-interest bearing	no impairment

(Forward)

	Relationship	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
PHMDC	Subsidiary	**2021**	**₱70,420**	**₱14,481,429**	Due and demandable;	Unsecured;
		2020	71,986	14,411,009	non-interest bearing	no impairment
PHMIC	Subsidiary	**2021**	**5,675,871**	**13,365,419**	Due and demandable;	Unsecured;
		2020	7,689,548	7,689,548	non-interest bearing	no impairment
PSMVI	Subsidiary	**2021**	**4,385,233**	**14,481,429**	Due and demandable;	Unsecured;
		2020	–	10,249,885	non-interest bearing	no impairment
		2021	**20,071,191**	**38,939,071**		
		2020	27,385,855	38,450,534		
Less allowance for impairment losses						
		2021	**–**	**14,328,732**		
		2020	–	14,328,732		
		2021	**₱20,071,191**	**₱24,610,339**		
		2020	27,385,855	24,121,802		
Short-term Loan						
Individuals	Officers and shareholders	**2021**	**₱–**	**₱34,025,000**	180 to 360 days	Unsecured;
		2020	–	34,025,000	6% per annum	
Advances from officers and shareholders						
Individuals	Officers and shareholders	**2021**	**₱50,317,233**	**₱116,550,000**	180 to 360 days	Unsecured;
		2020	8,147,591	66,232,767	6% per annum	
Loans from officers and shareholders						
Individuals	Officers and shareholders	**2021**	**₱ 64,500,000**	**₱–**	2 years	Unsecured;
		2020	300,000	64,500,000	6% per annum	
Convertible Loans						
Individuals	Officers and shareholders	**2021**	**₱95,790,173**	**₱–**	3 years	Unsecured;
		2020	–	95,790,173	8% to 10% per annum	
Due from Related Parties						
WPP	Subsidiary	**2021**	**₱42,035,102**	**₱235,494,878**	Due and demandable;	Unsecured;
		2020	3,444,895	277,529,980	non-interest bearing	
DSI	Subsidiary	**2021**	**84,104,539**	**135,673,485**	Due and demandable;	Unsecured;
		2020	6,876,841	219,778,024	non-interest bearing	
PGDI	Subsidiary	**2021**	**2,204,275**	**59,359,778**	Due and demandable;	Unsecured;
		2020	7,000,000	61,564,053	non-interest bearing	
GLCI	Subsidiary	**2021**	**9,721**	**8,481,080**	Due and demandable;	Unsecured;
		2020	–	8,490,801	non-interest bearing	
PHBSI	Subsidiary	**2021**	**–**	**4,484,295**	Due and demandable;	Unsecured;
		2020	–	5,734,997	non-interest bearing	
PHAC	Subsidiary	**2021**	**1,408,112**	**590,404**	Due and demandable;	Unsecured;
		2020	–	1,998,516	non-interest bearing	
PBBEI	Subsidiary	**2021**	**265,295**	**846,180**	Due and demandable;	Unsecured;
		2020	137,352	1,111,475	non-interest bearing	
		2021	**₱130,027,044**	**₱444,930,100**		
		2020	17,459,088	576,207,846		

The Company, in the ordinary course of business, has entered into transactions with its related parties which consists mainly of the following:

a. The Company's receivables from CUBES pertains to interest related to the loans it has extended to CUBES. Interest accrued by the Company from the notes receivable to CUBES for 2021 and 2020 amounted to nil.

b. In December 2017, the 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, 2021 and 2020 (see Note 5).

   As at December 31, 2021 and 2020, the Company's capital gains tax payable on the sale of investment property amounted to ₱26.94 million.

c. 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 Company from both subsidiaries amounted to ₱5.45 million as of December 31, 2021 and 2020.

d. The Company has extended a loan to CUBES. The loan is due and payable on demand and bear an interest of 8% per annum. The Company waived interest on this loan.

e. During the year, the 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 ₱24.61 million and ₱24.12 million as of December 31, 2021 and 2020, respectively.

f. The 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 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 nil and ₱64.50 million as of December 31, 2021 and 2020, respectively. Interest expense recognized in 2021 and 2020 amounted to ₱10.00 million (see Note 11).

g. Convertible loans received by the Company from its stockholders and key officers was used by the 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 Company. Convertible loans of the Company from its stockholders and key officers amounted to nil million and ₱95.79 million as of December 31, 2021 and 2020, respectively. Interest expense related to the convertible loans amounted to ₱7.68 million in 2021 and 2020 (see Note 10).

h. Advances received by the Company from its subsidiaries were used as additional funds of the Company to be used in its day-to-day operations. Advance from related parties amounted to ₱444.93 million and ₱576.21 million as of December 31, 2021 and 2020, respectively.

Compensation of Company's Key Management Personnel

Compensation of the Company's key management personnel consists of short-term employee benefits amounting to ₱39.76 million in 2021 (₱26.55 million in 2020). There are no post-employment benefits in 2021 (and 2020). There are no agreements between the Company 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 Company's retirement plan.

16. Income Taxes

The provision for income tax in 2021 pertains to MCIT. There is no provision for income tax in 2020 due to the Company's net tax loss position.

The reconciliation of income tax expense computed at the statutory income tax rate to the provision for (benefit from) income tax follows:

	2021	2020
Income tax expense (benefit) at statutory tax rate	**(₱31,801,876)**	(₱41,736,458)
Change in unrecognized deferred tax assets	**12,386,699**	38,720,717
Tax effects of:		
Expired NOLCO and MCIT	**17,896,521**	–
Nondeductible expense	**1,150,645**	2,325,907
Interest expense - accretion (redemption)	**498,458**	891,766
Income subject to final tax	**(6,510)**	(4,204)
Stock issuance cost	**–**	(197,728)
	₱123,937	₱–

As at December 31, 2021 and 2020, the Company's deferred tax liability pertains to deferred tax on actuarial gains on defined benefit obligation amounting to ₱0.03 million and P0.07 million, respectively.

The 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:

	2021	2020
Allowance for impairment losses on:		
Receivables	**₱625,788**	₱625,788
Due from related parties	**14,328,732**	14,328,732
Investments in subsidiaries	**83,129,414**	83,129,414
Other noncurrent assets	**662,061**	662,061
Amortization of film rights	**55,991,968**	55,991,968
NOLCO	**363,246,381**	313,400,990
Excess MCIT over RCIT	**547,373**	696,676
Pension liability	**1,601,388**	1,632,548

The details of the Company's unused NOLCO which can be claimed as deduction from future taxable income during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2021	₱–	₱120,338,515	₱–	₱120,338,515	2026
2020	128,399,808	–	–	128,399,808	2025
2019	114,508,058	–	–	114,508,058	2022
2018	70,493,124	–	(70,493,124)	–	2021
	₱313,400,990	₱120,338,515	(₱70,493,124)	₱363,246,381	

The details of the Company's excess MCIT over RCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2021	₱–	₱123,937	₱–	₱123,937	2026
2020	–	–	–	–	2025
2019	423,436	–	–	423,436	2022
2018	273,240	–	(273,240)	–	2021
	₱8,942,974	₱123,937	(₱273,240)	₱547,373	

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act") was approved and signed into law by President Rodrigo Duterte. Under the CREATE Act, the Regular Corporate Income Tax (RCIT) of domestic corporations was revised from 30% to 25% and 20%, depending on the amount of total assets or total amount of taxable income. In addition, the Minimum Corporate Income Tax (MCIT) was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

The changes in the income tax rates retrospectively became effective beginning July 1, 2020. However, the income tax rates used in preparing the separate financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. As provided by PAS 12, *Income Taxes*, components of current tax expense may include any adjustments recognized in the period for the income tax of prior period.

17. Financial Assets and Financial Liabilities

Financial Risk Management Objectives and Policies

The Company'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 Company's operations. The Company 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 main objectives of the Company'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 main risks arising from the Company's financial assets and financial liabilities are liquidity risk and credit risk. Exposure to these risks arises in the normal course of business activities. The Company's BOD reviews and approves actions for managing each of these risks which are summarized below:

Liquidity Risk. Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The major liquidity risk confronting the Company 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 Company maintains a level of cash deemed sufficient to finance its operations.

To manage its liquidity risk from maturing liabilities, the Company has undertaken various initiatives as discussed in Note 1.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2021 (and 2020) based on contractual undiscounted cash flows. 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 Company can be required to pay.

	2021			
	<120 days	**121-360 days**	**>360 days**	**Total**
Financial Liabilities				
Accounts and other payables*	**₱98,092,796**	**₱–**	**₱–**	**₱98,092,796**
Short-term loans**	**227,704,632**	**20,350,000**	**–**	**248,054,632**
Obligation under finance lease	**714,769**	**–**	**–**	**714,769**
Due to related parties	**444,930,100**	**–**	**–**	**444,930,100**
	₱771,442,297	**₱20,350,000**	**₱–**	**₱791,792,297**

** Excluding statutory and other nonfinancial liabilities amounting to ₱126.78 million*
*** Including future interest*

	2020			
	<120 days	121-361 days	>360 days	Total
Financial Liabilities				
Accounts and other payables*	₱88,225,876	₱–	₱–	₱88,225,876
Short-term loans	206,287,500	52,926,250	–	259,213,750
Obligation under finance lease	528,206	–	–	528,206
Due to related parties	576,207,846	–	–	576,207,846
Convertible loan	309,120,128	5,290,646	100,035,393	414,446,167
Loans from officers and shareholders	–	–	70,660,000	70,660,000
Loans from a third party	–	–	8,640,000	8,640,000
	₱1,180,369,556	₱58,216,896	₱179,335,393	₱1,417,921,845

** Excluding statutory and other nonfinancial liabilities amounting to ₱124.77 million*
*** Including future interest*

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's credit risks are primarily attributable to cash in banks, receivables, due from related parties and security deposits. The Company'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 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 Company has determined that the credit quality of all neither past nor impaired financial assets as at December 31, 2021 and 202 are classified as high grade based on the financial and credit standing of the counterparty.

The credit quality of the Company's financial assets are as follows:

	2021					
	Neither Past Due nor Impaired			Past Due but		
	High Grade	Medium Grade	Total	not Impaired	Impaired	Total
Cash in banks	₱ 4,195,924	₱–	₱4,195,924	₱–	₱–	₱4,195,924
Receivables						
Trade	–	44,000,000	44,000,000	–	625,788	44,625,788
Others	–	16,842,189	16,842,189	–	–	16,842,189
Other noncurrent assets						
Security deposits	–	852,022	852,022	–	–	852,022
	₱4,195,924	₱61,694,211	₱65,890,135	₱–	₱625,788	₱66,515,923

	2020					
	Neither Past Due nor Impaired			Past Due but		
	High Grade	Medium Grade	Total	not Impaired	Impaired	Total
Cash in banks	₱55,659,195	₱–	₱55,659,195	₱–	₱–	₱55,659,195
Receivables						
Trade	–	45,590,841	45,590,841	–	625,788	46,216,629
Others	–	604,722	604,722	–	–	604,722
Other noncurrent assets						
Security deposits	–	852,022	852,022	–	–	852,022
	₱55,659,195	₱47,047,585	₱102,706,780	₱–	₱625,788	₱103,332,568

The Company has determined that the credit quality of all neither past nor impaired financial assets as of December 31, 2021 (and 2020) 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.

The table below shows the Company's aging analysis of financial assets.

	2021					
	Neither Past Due nor	Past Due but not Impaired				
	Impaired	<120 days	121-360 days	>360 days	Impaired	Total
Cash in banks	₱4,195,924	₱–	₱–	₱–	₱–	₱4,195,924
Receivables						
Trade	44,000,000	–	–	–	625,788	44,625,788
Others	16,842,189	–	–	–	–	16,842,189
Other noncurrent assets						
Security deposits	852,022	–	–	–	–	852,022
	₱65,890,135	₱–	₱–	₱–	₱625,788	₱66,515,923

	2020					
	Neither Past Due nor	Past Due but not Impaired				
	Impaired	<120 days	121-360 days	>360 days	Impaired	Total
Cash in banks	₱55,659,195	₱–	₱–	₱–	₱–	₱55,659,195
Receivables						
Trade	45,590,841	–	–	–	625,788	46,216,629
Others	604,722	–	–	–	–	604,722
Other noncurrent assets						
Security deposits	852,022	–	–	–	–	852,022
	₱102,706,780	₱–	₱–	₱–	₱625,788	₱103,332,568

18. Equity

Capital Stock

The details and movements of the Company's number of common shares follow:

	2021		2020	
	Amount	Number of Shares	Amount	Number of Shares
Authorized 0.25 par value per share				
Balance at beginning of year	₱563,556,000	2,254,224,000	₱563,556,000	2,254,224,000
Increase in authorized capital stock	936,444,000	3,745,776,000	–	–
	₱1,500,000,000	6,000,000,000	563,556,000	2,254,224,000
Subscribed capital stock				
Balance at beginning of year	₱563,529,313	2,254,117,253	₱497,620,222	1,990,480,889
Additional subscription	710,606,061	2,842,424244	65,909,091	263,636,364
Balance at end of year	1,274,135,374	5,096,541,497	563,529,313	2,254,117,253
Less subscription receivable				
Balance at beginning of year	₱–	–	₱–	–
Additional subscription	473,484,848	1,893,939,392	–	–
Balance at end of year	₱473,484,848	1,893,939,392	₱–	–
Capital stock	₱800,650,526	2,596,541,501	₱563,529,313	2,254,117,253

On May 5, 1997, the 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 Company has 130 and 121 existing shareholders as of December 31, 2021 and 2020, respectively.

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 SPTI shares over a period of two 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 were issued from the increase in authorized capital stock of PHA which was approved by the SEC on May 28, 2021.

Subscription Receivable

Subscription receivable as at December 31, 2021 pertains to the unpaid portion of the 2,539,393,939 shares subscribed at ₱0.33 per share.

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 Company filed the increase in capital stock with the Philippine SEC in March 2021. On May 28, 2021, the SEC approved the increase in PHA's authorized capital stock.

In 2020, the Company received ₱113.00 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under noncurrent liabilities as at December 31, 2020. This was applied against issuance of capital stock upon in 2021.

In 2021, the convertible notes holder have exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares (see Note 10). In March 22, 2022, the SEC issued the Certificate of Approval of Valuation.

PHA also received ₱86.5 million from potential investors, including LDA, which is currently recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription.

On November 17, 2021, the BOD approved the increase in PHA's increase in authorized capital stock from ₱1.5 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share to ₱2.5 billion divided into 10,000,000,000 shares with a par value of ₱0.25 per share. This was ratified by the shareholders on December 17, 2021.

Share Lending Agreement

On July 20, 2021, the BOD of PHA approved a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of up to ₱2.5 billion over the next 36 months.

In August 2021, PHA sent a Put Option Notice (PON) to LDA for 190,000,000 listed shares. A group of stockholders (Share Lender) lent 210,000,000 shares to PHA. From the total shares, 190,000,000 shares were used as the Collateral Shares for the PON. The remaining 20,000,000 shares were transferred to an Options Shares Securities Account of LDA to satisfy PHA's obligations to sell options shares and to secure the payment of any portion of the commitment fee.

In consideration for the lending of shares by the Share Lender to LDA on behalf of PHA pursuant to the Put Option Agreement, PHA shall pay the Share Lender a lending fee equivalent to 18.0% per annum based on the market prices of the shares at the time of transfer. The lending fee accrued in 2021 and was recognized as part of "Interest expense" account amounted to ₱14.3 million (see Note 28).

On October 15, 2021, LDA has subscribed to 70,835,000 new primary shares of PHA at a subscription price of ₱1.01 per share. The subscription price of ₱71.5 million has been fully paid and recognized as "Deposit for future stock subscription" (see Note 23).

Additional Paid-in Capital (APIC)

APIC includes paid-in capital in excess of par amounting to ₱121.0 million as at December 31, 2021 (₱52.3 million as at December 31, 2020) and the equity component of the issued convertible loans amounting to ₱18.7 million as at December 31, 2021 (and 2020) (see Note 10).

The liability component of the convertible loans is reflected as financial liabilities.

In 2020, the Company received subscription amounting to ₱0.33 per share or ₱87.0 million for 263,636,364 shares out of authorized capital stock, including ₱21.1 million in excess of par value. Stock issuance cost amounting to ₱0.7 million is deducted from APIC.

Retained Earnings

The consolidated retained earnings as at December 31, 2021 (and 2020) includes accumulated earnings of the subsidiaries which are not currently available for dividend declaration unless declared by the subsidiaries of the Company. After considering the reconciling items, the Company has no available retained earnings for dividend declaration as at December 31, 2021 and 2020.

Retained earnings also included "equity reserves" arising from transactions affecting ownership interest in DSI and PGDI. The equity reserves closed to retained earnings from these transactions aggregated ₱70.61 million. The equity reserve is excluded for purposes of dividend declaration.

Dividend Payable

Dividend payable amounting to ₱39.8 million pertains to the dividends declared on March 20, 2018. This includes property dividends consisting of 268,000,000 shares of PGDI with fair value of ₱36.8 million and cash dividends of ₱3.0 million. As at reporting date, the SEC approval on the property and cash dividends is still pending.

Capital Management

The primary objective of the 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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Company considers its equity as capital. The Company is not subject to externally imposed capital requirements.

No changes were made in the Company's capital management objectives, policies or processes in 2021 (and 2020).

19. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	2021					
		Noncash Transactions		Cash Transactions		
	Balance at beginning of year	Conversion	Interest Accretion	Proceeds	Payments	Balance at end of year
Short-term loans	₱225,962,500	₱–	₱–	₱22,092,132	₱–	₱248,054,632
Obligations under finance lease	528,206	–	–	186,563	–	714,769
Convertible loans	395,006,168	(354,000,000)	1,993,831	–	(42,999,999)	–
Loans to officers and shareholders	64,500,000	–	–	–	(64,500,000)	–
Interest payable	30,195,551	–	62,991,166	–	(60,518,714)	32,668,003
Due to related parties	576,207,846	–	–	–	(131,277,746)	444,930,100
Deposit for future stock subscription	113,000,000	239,006,169	–	113,225,288	–	465,231,457
	₱1,405,400,271	(₱114,993,831)	₱64,984,997	₱135,503,983	(₱299,296,459)	₱1,191,598,961

	2020					
		Noncash Transactions		Cash Transactions		
	Balance at beginning of year	Other Noncash Transactions	Interest Accretion	Proceeds	Payments	Balance at end of year
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	–	₱4,972,553	–	(4,500,000)	395,006,168
Loans to officers and shareholders	64,800,000	–	–	–	(300,000)	64,500,000
Interest payable	25,222,998		84,147,130	–	(79,174,577)	30,195,551
Due to related parties	434,087,633	155,620,213	–	–	(13,500,000)	576,207,846
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
	₱1,154,030,073	₱155,620,213	₱89,119,683	₱113,000,000	(₱106,369,698)	₱1,405,400,271

20. Interest Expense

This account consists of:

	Note	**2021**	2020
Short-term loans	11	**₱23,861,564**	₱61,127,580
Convertible loans	10	**24,688,107**	22,987,858
Share lending agreement	18	**14,325,178**	–
Obligation under finance lease	13	**116,317**	31,692
		₱62,991,166	₱84,147,130

PREMIERE HORIZON ALLIANCE CORPORATION

2021 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, 2021 to December 31, 2021
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)	349,117,555	PhP
Direct economic value distributed:		
a. Operating costs	267,176,229	PhP
b. Employee wages and benefits	106,375,392	PhP
c. Payments to suppliers, other operating costs	179,741,761	Php
d. Dividends given to stockholders and interest payments to loan providers	114,156,340	PhP
e. Taxes given to government	6,261,980	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The 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]	383	
a. Number of female employees	31	#
b. Number of male employees	352	#
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	0%	0.00%
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	134	hours
b. Male employees	352	hours
Average training hours provided to employees		
a. Female employees	8	hours/employee
b. Male employees	8	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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended December 31, 2021.

2. SEC Identification Number 147584.

3. BIR Tax Identification Number 002-727-376-000.

4. Exact Name of Registrant as specified in its charter.

   PREMIERE HORIZON ALLIANCE CORPORATION.

5. Philippines
   Province, Country or other jurisdiction of Incorporation or organization

6. __________ (SEC Use Only)
   Industry Classification Code

7. Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City — 1605
   Address of Principal Office — Postal Code

8. (02) 8632-7715
   Registrant's Telephone Number, including Area Code

9. N/A
   Former Name, former Address, and Former Fiscal Year, if changed since last report

10. Securities Registered pursuant to Sections 8 and 12 of the SRC.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	5,167,376,496 common shares

11. Are any of or all of these securities listed on the Philippine Stock Exchange.
    Yes [X] 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 reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No [ ]

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

Yes [ ] No [X]

13. Aggregate market value of the voting stock held by non-affiliates:

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

Yes [ ] No [ ] Not Applicable [X]

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 proxy or information statement filed pursuant to SRC Rule 20 and 17.1 (b);
(c) Any Prospectus filed pursuant to SRC Rule 8.1-1.

Not Applicable

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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.

<u>Year 2015</u>

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.

Year 2021

On March 2, 2021, the Board approved the issuance of 2,539,393,939 shares to the following Squidpay Technology Inc. shareholders and 303,030,303 shares to the following creditors, out of the increase in authorized capital stock of the Company to Php1,500,000,000.00 divided into 6,000,000,000 common shares with a par value of Php0.25 per share:

	TOTAL SUBSCRIBED SHARES
MARVIN DELA CRUZ	1,389,802,253
RAISSA ABAINZA QUERI	191,735,537
ENRICO ALFONSO TAMAYO	200,826,447
HARRISON YAP	200,826,446
ROGELIO DE RAMA	200,826,446
KENNETH SEE	101,930,830
AUGUSTO M. COSIO, JR.	33,976,943
ROBERTO B. ORTIZ	33,976,943
CHRISTINA PENA LEONG	69,734,519
LESLIE SZE TAN	20,000,000
CHARMAINE N. COBANKIAT	25,757,575
EUGENE TAN	20,000,000
MARIAN PENA	50,000,000
TOTAL	2,539,393,939
CREDITOR GROUP	
AUGUSTO ANTONIO C. SERAFICA, JR.	200,000,000
PAUL DAVID P. JAMLANG	15,151,516
RAUL MA. F. ANONAS	37,272,728
KATHRYN YU CHENG SEE	25,303,030
ANDRES A. DEL ROSARIO	25,303,029
TOTAL	303,030,303
TOTAL SUBSCRIPTION	2,842,424,243

On the same date, The Board also approved the conversion of all or a portion of the outstanding principal of about Php355.0 million and capitalized interest of about Php35.0 million of existing convertible loans for a total amount of Php390 million, to fully paid PHA shares at an issue price of Seventy Centavos (Php0.70) per share. The new shares will be issued out of the authorized capital stock, post-increase, in the amount of up to 557,142,857 common shares as may be finalized by the President.

On July 21, 2021, Convertible Noteholders have exercised their right to convert principal and accrued interest to equity of the Company at a conversion price of Php0.70 per share. The amount of principal of Php354,000,000.00 and accrued interest Php24,688,107.56 for a total of Php378,688,107.56 which is equivalent to 540,983,008 shares.

Also on July 21, 2021, the PHA Board of Directors approved a Put Option Agreement (POA) with LDA Capital Limited (LDA), a global investment group, to provide PHA with up to Two Billion Five Hundred Million Pesos (PhP2,500,000,000) in committed equity capital over the next thirty-six months. In addition, the Board also approved the grant of a Call Option to LDA, which allows the Investor to purchase up to 133 million (133,000,000) common shares of the Company at an exercise price of PhP2.26 per share exercisable any time during the term of the Agreement.

Subsequently, PHA has signed on 15 October 2021 a Subscription Agreement with LDA, wherein LDA has agreed to subscribe 70,835,000 new primary shares of PHA at a subscription price of Php1.01 per share. LDA has remitted to PHA a total of Php71,543,350 as full payment for the subscribed shares.

On August 31, 2021, PHA entered into a Deed of Assignment (DOAS) with Squidpay Technology, Inc. (SPT) with the conformity of Philippine Regional Investment Development Corporation (PRIDE), a wholly-owned subsidiary of AbaCore Capital Holdings, Inc., and Philstar Development Bank, Inc. (PHILSTAR), a subsidiary of PRIDE.

Under the DOAS, SPT assigned to PHA 40% of the 60% share that it would invest in PHILSTAR subject to the fulfillment of the conditions precedent of the Memorandum of Agreement (MOA) entered into by PRIDE, PHILSTAR, and SPT last April 8, 2021. This assignment would formally make PHA a party to the MOA.

The MOA provides that SPT will infuse up to Nine Hundred Million Pesos (Php900,000,000.00) for a 60% stake in Philstar Development Bank, subject to certain conditions and subsequent implementing agreements. Following the DOAS, PHA will invest Six Hundred Million Pesos (Php600,000,000.00) for a 40% stake, while SPT will continue to hold its investment of Three Hundred Million Pesos (Php300,000,000.00) for a 20% stake. PRIDE and the current stockholders, will retain at least 40%.

On October 7, 2021, the Board of Directors accepted of the resignation of Mr. Victor Y. Lim, Jr., and election of Mr. Eugene T. Tan as replacement regular director. The BOD also approved the change of external auditors from Sycip, Gorres, Velayo & Co. to Reyes Tacandong & Co.

On November 17, 2021, the PHA Board approved the acquisition of thirty-three percent (33%) of SquidPay Technology Inc. (SPT) for Php561 million equivalent to two hundred sixty-four million (264 million) existing and outstanding shares of SPT owned by the group led by Mr. Marvin Dela Cruz. The acquisition will give SPT a Php1.7B Equity Value.

PHA will be entitled to three (3) out of the seven (7) Board of Directors' seats in SPT. PHA and Mr. Marvin Dela Cruz shall also jointly nominate the Chairman of the Board of SPT as well as the Executive Committee Chairman, President, CEO, CFO, and Treasurer.

The Board also accepted the resignation of Ms. Elisa May Arboleda-Cuevas as Independent Director of PHA. The Board likewise authorized, subject to stockholders' approval, the increase of the authorized capital stock from Php 1,500,000,000.00 divided into 6 billion common shares with a par value of Php 0.25 per share, to up to Php 2,500,000,000.00 divided into 10 billion common shares with a par value of Php 0.25 per share.

During the annual stockholders' meeting held on December 17, 2021, the stockholders approved the following matters:

1. Approval of the acquisition of 264,000,000 shares representing 33% of the outstanding capital stock of Squidpay Technology, Inc. upon terms and conditions to be approved by the Board of Directors;
2. Increase in the Company's authorized capital stock from Php1,500,000,000.00 divided into 6,000,000,000 common shares with a par value of Php0.25 per share, to up to Php2,500,000,000.00 divided into 10,000,000,000 common shares with a par value of Php0.25 per share, as may be fixed by the Board of Directors (the "Increase"), and the corresponding amendment to the Seventh Article of the Company's Amended Articles of Incorporation;
3. Amendment of the 2020 Stockholders' Resolution, to approve, ratify and confirm the subscription by Existing Creditors (as defined) from 303,030,303 common shares to 303,030,304 common shares;
4. Approval of subscriptions to the proposed Increase by way of private placement, conversion of debt to equity, asset-for share swap, stock rights offer, follow-on offer, and/or combination thereof, under terms and conditions to be approved by the Board of Directors;
5. Approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to 133,000,000 common shares at a subscription price of Php2.26 per share payable in cash; and
6. Appointment of Reyes Tacandong & Co. as the Company's external auditor for the current year 2021-2022.

During the organizational meeting of the new Board of Directors of Premiere Horizon Alliance Corporation following the Annual Stockholders' Meeting, the following matters were approved:

1. The retirement of Mr. Augusto Antonio C. Serafica, Jr. as President/CEO was accepted by the Board. Mr. Serafica will continue as a Director of the Company.
2. The appointment of Mr. Roberto B. Ortiz as the new President/CEO.

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 2021 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:

Revenues	**2021** (In Php Millions)	**Percent %**
Sale of Real Estate	173.9	49.82
Hauling and Mineral Extraction	174.2	49.89
Service Income	1.0	0.29
Total Revenues	**349.1**	**100%**

Competitive Situation in 2021

PHA continued to pursue its vision and mission of invigorating the countryside in 2021 by strategically focusing on tourism and infrastructure.

With the entry of the new investor group in 2020, PHA made a strategic move to include financial technology and stronger partnership in the pursuit of invigorating the countryside as part of its growth strategy in the next five years.

West Palawan Premiere Development Corp. (WPPDC) laid plans to target the development of an integrated township development that will bring together serene countryside and beachfront resorts and residential projects. As PHA moved into 2022, it plans to kick start the development of 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 outbreak of COVID, PGDI's extraction and hauling volume declined to 2.5 million wmt compared to the previous year.

Goshen Land Capital Inc. (GLCI) has completed construction of all its ongoing vertical developments in 2019 and unit turnover was continued in 2020. Early 2021, 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.

The continuation of the pandemic stalled new construction plans but as it eased mid-2021, Goshen saw the opportunity with the reopening of the economy. The Company broke ground in September with the start of the construction of Stanford, a dormitel within walking distance from some of the premier universities in Baguio. By end 2021, more than 80% of the planned 214 units were sold out.

For the year 2022, PHA will focus in creating shareholder value form its core assets - its tourism property in Puerto Princesa and property development in the Northern Luzon Corridor.

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 2023. 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 Php1.69 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.

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, 2021, PHA has 8 employees while PGDI has 104 regular employees. PGDI employs 219 contractual or project personnel during the mining season. GLCI has 34 regular employees.

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 31, 2021, the hauling and mineral extraction operation of PGDI has 38 heavy equipment, 75 dump trucks and 26 service vehicles.

Item 3. Legal Proceedings

(a) Digiwave Solutions, Inc. (“DSI”), a wholly-owned subsidiary of the Company, is currently involved in one (1) pending case:

1. Civil Case No. Q-10-68354 filed by E-MPA Fires Company against Blue Skies Philko, Inc. and DSI for Specific Performance and Damages with the Regional Trial Court ("RTC") of Quezon City, Branch 224.

DSI is the defendant in a civil case for damages filed by E-MPA Fires docketed as E-MPA Fires vs DSI, Q-10-68354 for Specific Performance and Damages with the National Capital Regional Trial Court - Quezon City, Branch 88. A judgement was rendered by the Court, and DSI is in discussion with E-MPA Fires Company for a resolution of the damages assessed by the Court.

(b) 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.

(c) Goshen Land Capital, Inc. ("GLCI"), a 55% owned subsidiary of the Company, is currently involved in four (4) pending cases:

(1) Petition for Cancellation of Entry No. 328630-36-211 in Transfer Certificate of Title ("TCT") No. T-66332 filed by Rosaline N. Abance against National Grid Corp., the Register of Deeds of Ule Province of Benguet, Solicitor General, Land Registration Authority and Goshen Land Capital, Inc., with the Regional Trial Court, First Judicial Region, Branch 8, La Trinidad, Benguet. GLCI is a party-in- interest due to its existing project at the Summerfields Subdivision, covered by the TCT. As of date of writing, there has been no movement in the case and no substantial pecuniary money claims may yet to be expected out of the said case.

(2) Petition for Cancellation of Entry No. 328630-36-211 in Transfer Certificate of Title ("TCT") No. T-66332 filed by Rosaline N. Abance against National Grid Corp., the Register of Deeds of the Province of Benguet, Solicitor General, Land Registration Authority and Goshen Land Capital, Inc., with the Regional Trial Court, First Judicial Region ("FJR"), Branch 8, La Trinidad, Benguet. GLCI is a party-in-interest due to its existing project at the Summerfields Subdivision, covered by the TCT. The next hearing was previously set on May 22, 2018,for the manifestation of National Grid Corp. on its Comment/Opposition on the reduction of the annotated easement. Meanwhile, a negotiation on the claims of Ms. Abance against GLCI is being made. It will be presented to the court as compromise.

(3) Judicial Titling filed by Remedios Sucdad, Jenniclaire S. Bartolome, Sunshine Villagracia, Peterson A. Sucdad, Mark Anthony A. Sucdad, Cedric Sucdad, Antonio P. Sucdad, Romeo Abenes, and Gloria Abenes, with the RTC Branch 8 of La Trinidad, Benguet for the Registration of Parcels of Land under Act No. 496 as Amended by P.O. 1529. GLCI is a party-in-interest due to an existing Memorandum of Agreement with the lot-owner of the GLCI-owned Blue Ridge Mountains Project. We are yet to receive order of hearing date for the opposition filed against our application of titling.

(4) Judicial Titling filed by Remedios Sucdad, Jenniclaire S. Bartolome, Sunshine Villagracia, Peterson A. Sucdad, Mark Anthony A. Sucdad, Cedric Sucdad, Antonio P. Sucdad, Romeo Abenes, and Gloria Abenes, with the RTC Branch 8 of La Trinidad, Benguet for the Registration of Parcels of Land under Act No. 496 as Amended by P.O. 1529. GLCI is a party-in-interest due to an existing Memorandum of Agreement with the lot-owner of the GLCI-owned Blue Ridge Mountains Project. The cases were

re-raffled to the following courts: (i) LRC Case Number 10-LRC-0033 - Branch 10, RTC, FJR, La Trinidad, Benguet (Remedios Sucdad, et al.); (ii) LRC Case Number 10-LRC-0036 - Branch 8, RTC, FJR, La Trinidad, Benguet (Remedios Sucdad, et al); (iii) LRC Case Number 10-LRC- 0034 - Branch 10, RTC, FJR, La Trinidad, Benguet (Antonio P. Sucdad); (iv) LRC Case Number 10-LRC-0035-Branch 62, RTC,FJR, La Trinidad, Benguet (Romeo Abenes); and (v) LRC Case Number 10-LRC-0037 - Branch 8, RTC, FJR, La Trinidad, Benguet (Gloria Abenes). The current issue being resolved is the Opposition filed by a certain Leuterio claiming ownership of land covering an area of 20,000 sq. m. within the title application. The case has been temporarily archived pending receipt by the court of a joint survey to determine the exact technical description/location of the portion claimed by Leuterio. GLCI's technical findings compared with the geodetic description submitted by Leuterio are in conflict with each other. This matter is currently being resolved by the parties.

(5) Items 2 to 4 have been consolidated. GLCI's Motion to Dismiss Opposition was denied. The presiding judge ordered the conduct of hearing for presentation of the oppositor, Mr. Leuterio. GLCI's Motion for Segregation Lots was not affected by the Opposition filed by Leuterio, but has yet to be ruled upon by the court.

(d) Pyramid Hill Mining and Industrial Corporation and Palawan Star Mining Ventures, Inc, both subsidiaries of the Company, are currently involved in one (1) pending case:

(1) Indigenous Cultural Communities Indigenous Peoples allegedly represented by a certain Datu Kasaligan vs. Lepanto Consolidated Mining Et. Al., under Civil Case No. R-MKT-20-02555-CV pending before the Regional Trial Court, Branch 236 of Makati City. There is a Motion to Deny the Motion to Suspend All Operation, Occupation and Possession of Ancestral Domain/Land of all the Private Defendants filed by the Plaintiff last November 2021 on the ground that the complaint is baseless and without merit. There is no Decision yet from the Court.

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, 2021 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 2019– 2022 (1st Qtr) .

	HIGH				LOW			
	2022	2021	2020	2019	2022	2021	2020	2019
1ST Quarter	2.08	2.2030	0.2030	1.06	2.0300	0.1950	1.000	0.435
2nd Quarter		0.2050	0.2050	0.85		0.1990	0.820	0.325
3rd Quarter		0.2330	0.2330	0.56		0.2260	0.510	0.375
4th Quarter		1.1300	1.1300	0.355		0.9700	0.335	0.320

(2) Holders

As of 31 March 2022, there were 122 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, 2022

SHAREHOLDERS' NAME	NATIONALITY	HOLDINGS	RANK
PCD Nominee Corporation (Filipino)	Filipino	2,013,184,809	38.96%
MARVIN DELA CRUZ	Filipino	1,389,802,253	26.90%
ENRICO ALFONSO TAMAYO	Filipino	200,826,447	3.89%
HARRISON YAP	Filipino	200,826,446	3.89%
ROGELIO DE RAMA	Filipino	200,826,446	3.89%
AUGUSTO C. SERAFICA, JR	Filipino	200,000,000	3.87%
PCD Nominee Corporation (Non-Filipino)	Foreign	198,053,733	3.83%
RAISSA ABAINZA QUERI	Filipino	191,735,537	3.71%
KENNETH SEE	Filipino	101,930,830	1.97%
LDA CAPITAL LIMITED	Foreign	70,835,000	1.37%
MARIAN PENA	Filipino	70,000,000	1.35%
CHRISTINA PENA LEONG	Filipino	69,734,519	1.35%
RAUL MA. F.ANONAS	Filipino	37,272,728	0.72%
S CAPITAL CORP.	Filipino	36,000,000	0.70%
ROBERTO B. ORTIZ	Filipino	33,976,943	0.66%
AUGUSTO M. COSIO, JR.	Filipino	33,976,943	0.66%
CHARMAINE N. COBANKIAT	Filipino	25,757,575	0.50%
KATHRYN YU CHENG SEE	Filipino	25,303,030	0.49%

ANDRES A. DEL ROSARIO	Filipino	25,303,030	0.49%
LESLIE ZSE TAN	Filipino	20,000,000	0.39%
TOTAL TOP 20 SHAREHOLDERS		5,145,346,269	99.57%
TOTAL OUTSTANDING SHARES		5,167,376,496	

(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 embarked 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 client Cagdianao Mining Corp in Dinagat Islands Province. Its existing fleet of heavy equipment, dump trucks and service vehicles shall serve the various requirements of its client.

Goshen Land Capital, Inc. (GLCI)

In 2021, Goshen Land Capital launched its 19th vertical development in Baguio City. Stanford Residences, a dorm-type condominium was launched September 2021. The project is located on the near Saint Louis University and other universities and tourist areas in the city. The project has 218 units with a potential revenue of Php650M.

Goshen Land continue to identify other condominium projects in the city and the nearby areas for its sustainable business model of Tourism-Related Investment Properties. Goshen is also working on opening investment lots in both Northern and Central Luzon.

The Company have also been able to strengthen its financial position with another year of positive income, a growth of more than 20% compared to the previous year.

[2022]

For the year 2022, Goshen foresees the company continuing its growth with the construction of Stanford Residences and the opening of new horizontal projects in the BLISTT area and in Northern and Central Luzon.

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 2021 and 2020, 2019, respectively.

		December 31		YoY Change
		Audited 2021	Audited 2020	
1	Revenues	349,117,555	722,537,606	(373,420,051)
2	Net Income (Loss)	(42,187,132)	110,040,747	(157,127,457)

3	Debt -to- Equity Ratio	1.56:1	2.21:1	(0.65)
4	Current Ratio	0.78:1	0.81:1	0.41
5	Return on Assets	(0.03):1	0.03:1	(0.04)

		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	0.81:1	1.03:1	(0.22)
5	Return on Assets	0.03:1	0.02:1	0.01

I. Revenues

The Group revenues in 2021 amounted to Php349.12 million which is Php373.42 million or 51.68% lower than the 2020 Group revenue of Php722.54 million.

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.

II. Net Income

The Group net loss in 2021 amounted to Php42.19 million which is Php152.23 million or 138.34% lower than the 2020 Group net income of Php110.04 million.

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.

III. Debt to Equity Ratio

The Group debt to equity ratio in 2021, 2020, and 2019 amounted to 1.56:1, 2.21:1, and 2.99:1, respectively.

IV. Current Ratio

The Group current ratio in 2021, 2020, and 2019 amounted to, 0.78:1, 0.81:1, and 1.03:1, respectively.

V. Return on Assets (ROA)

The Group return on assets for 2021, 2020, and 2019 amounted to (0.03):1, 0.03:1, and 0.02:1, respectively.

Results of Operations for the last three (3) years

During the years 2021, 2020, and 2019, the Group recorded a net income (loss) of Php(42.19) million, Php110.04 million, and Php71.20 million, respectively. The following are the details of the Company's income statement accounts:

2021

- The Group real estate sales in 2021 and 2020 amounted to Php173.93 million and Php479.30 million, respectively, which shows a decrease of Php305.37 million or 63.71%. The reduction in real estate sales was primarily because the majority of 2021 sales came from the new real estate project that started in late 2021, which have a low percentage of completion. A large majority of the real estate inventories from previous projects were already sold in prior years.

- The Group mining service revenue in 2021 and 2020 amounted to Php174.68 million and Php241.74 million, respectively, which shows a decrease of Php67.05 million or 27.74%. The decrease came from slowdown and disruptions in operations due to COVID19.

- The Group service income in 2021 and 2020 amounted to Php0.50 million and Php1.50 million, respectively, which shows a decrease of Php1.00 million or 66.47%. 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 2021 and 2020 amounted to Php74.08 million and Php301.26, respectively, which shows a decrease o f Php227.18 or 75.41%. The reduction is primarily due to the fewer sellable inventories from prior year projects and the low percentage of completion from the new project in late 2021.

- The Group costs of services in 2021 and 2020 amounted to Php193.10 million and Php210.59 million, respectively, which shows a decrease of Php17.50 million or 8.31%. The net decrease primarily came from reduction of depreciation, personnel costs, repairs and maintenance, transportation and travel, and utilities.

- The Group depreciation and amortization in 2021 and 2020 amounted to Php86.72 million and Php92.71 million, respectively, which shows a decrease of Php5.99 million or 6.46%. The decrease primarily came from the sale of equipment which are not yet fully depreciated. This account is presented in the 2021 financial statements as follows: Cost of Services – Php79.44 million, and General and Administrative – Php7.28 million.

- The Group personnel costs in 2021 and 2020 amounted to Php106.38 million and Php121.91 million, respectively, which shows a decrease of Php15.53 million or 12.74%. The difference was due to reduction in personnel costs. This account is presented in the 2021 financial statements as follows: Cost of Services – Php67.20 million, and General and Administrative Expense – Php39.17 million.

- The Group repairs and maintenance in 2021 and 2020 amounted to Php27.96 million and Php37.23 million, respectively, which shows a decrease of Php9.27 million or 24.91%. This account decreased due to lower usage of heavy equipment due to COVID-

19 slowdown and disruptions in operations, which resulted in fewer repairs and maintenance. This account is presented in the 2021 financial statements as follows: Cost of Services – Php23.76 million, and General and Administrative Expense – Php4.20 million.

- The Group professional and legal fees in 2021 and 2020 amounted to Php67.95 million and Php50.56 million, respectively, which shows an increase of Php17.39 million or 34.40%. The increase primarily came from the additional services availed from professionals. This account is presented in the 2021 financial statements as follows: Cost of Services – Php6.47 million, and General and Administrative Expense – Php61.48 million.

- The Group transportation and travel in 2021 and 2020 amounted to Php9.95 million and Php12.10 million, respectively, which shows a decrease of Php2.14 million or 17.69%. This account decreased due to fewer transportation and travel incurred due to COVID-19 restrictions in operations. This account is presented in the 2021 financial statements as follows: Cost of Services – Php4.00 million, and General and Administrative Expense – Php5.95 million

- The Group taxes and licenses in 2021 and 2020 amounted to Php12.41 million and Php9.22 million, respectively, which shows an increase of Php3.19 million or 34.62%. The increase primarily came from the documentary stamps taxes paid for the shares issued in 2021. This account is presented in the 2021 financial statements as follows: Cost of Services –Php6.06 million, and General and Administrative Expense – Php6.35 million.

- The Group fuel and oil in 2021 and 2020 amounted to Php4.43 million and Php3.41 million, respectively, which shows an increase of Php1.02 million or 29.96%. This account increased due to the increasing fuel and oil prices and increases in consumption. This account is presented in the 2021 financial statements under Cost of Services.

- The Group Rentals and Utilities in 2021 and 2020 amounted to Php8.42 million and Php8.44 million, respectively, which shows a decrease of Php0.02 million or 0.22%. There was no material change in the balance of this account. This account is presented in the 2021 financial statements as follows: Cost of Services – Php0.15 million, and General and Administrative Expense – Php8.27 million.

- The Group Entertainment, amusement and recreation in 2021 and 2020 amounted to Php9.52 million and Php10.71 million, respectively, which shows an decrease of Php1.19 million or 11.14%. The decrease primarily came from cost reduction measures in 2021. This account is presented in the 2021 financial statements as follows: Cost of Services – Php0.31 million, and General and Administrative Expense – Php9.21 million.

- The Group Commissions in 2021 and 2020 amounted to Php9.89 million and Php15.16 million, respectively, which shows a decrease of Php5.27 million or 34.79%. The decrease primarily came from lower sales subject to commissions. This account is presented in the 2021 financial statements under General and Administrative Expenses.

- The Group filing and listing fees in 2021 and 2020 amounted to Php2.39 and Php9.96 million, respectively, which shows a decrease of Php7.57 million or 76.02%. The reduction was due to the lower fees incurred in 2021. This account is presented in the 2021 financial statements under General and Administrative Expenses.

- The Group outside services in 2021 and 2020 amounted to Php5.38 million and Php5.43 million, respectively, which shows a decrease of Php0.05 million or 0.87%. There was no material change in the balance of this account. This account is presented in the 2021 financial statements under General and Administrative Expenses.

- The Group freight and handling in 2021 and 2020 amounted to Php1.27 million and Php1.78 million, respectively, which shows a decrease of Php0.51 million or 28.85%. The reduction came from the lower volume of ores from mining services in 2021. This account is presented in the 2021 financial statements under General and Administrative Expenses.

- The Group supplies and materials in 2021 and 2020 amounted to Php0.58 million and Php0.77 million, respectively, which shows a decrease of Php0.19 million or 24.67%. The decrease came from cost reduction measures of the Group. This account is presented in the 2021 financial statements under General and Administrative Expenses.

- The Group advertising and promotions in 2021 and 2020 amounted to Php1.02 million and Php0.14 million, respectively, which shows an increase of Php0.88 million or 624.33%. The increase primarily came from the advertising and promotion costs of GLCI for its new project in 2021. This account is presented in the 2021 financial statements under General and Administrative Expenses.

- The Group other expenses in 2021 and 2020 amounted to Php18.57 million and Php9.83 million, respectively, which shows an increase of Php8.74 million or 88.90%. The increase primarily came additional other expenses incurred during the year. This account is presented in the 2020 financial statements as follows: Cost of Services – Php1.27 million, and General and Administrative Expense – Php17.31 million.

- The Group unrealized gain on revaluation of land in 2021 and 2020 amounted to Php25.64 million and Php367.92, respectively, which shows a decrease of Php342.28 million or 93.03%. The changes in this account pertain to yearly changes in the fair valuation of the group's investment properties in Palawan and is presented under Other Income (Charges).

- The Group interest income in 2021 and 2020 amounted to Php2.68 million and Php3.33 million, respectively, which shows a decrease of Php0.65 million or 19.56%. 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 2021 and 2020 amounted to -nil- million and Php11.67 million, respectively, which shows a decrease of Php11.67 million or 100.00%. This account represents the impartment losses incurred and is presented under Other Income (Charges).

- The Group other income (charges) in 2021 and 2020 amounted to Php72.36 million and Php(4.51) million, respectively, which shows an increase of Php76.87 million or 1,705.51%. The increase primarily came from the other income earned by GLCI during 2021. This account represents other income and is presented under Other Income (Charges).

- The Group interest expense in 2021 and 2020 amounted to Php114.16 million and Php172.46 million, respectively, which shows a decrease of Php58.31 million or 33.81%. The decrease primarily came from the group's continuous loan repayments and debt restructuring efforts. This account is presented under Other Income (Charges).

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).

FINANCIAL POSITION

2021

The Company's total assets as of December 31, 2021 and 2020 amounted to Php3,770.25 million and Php3,896.80 million, respectively, which shows a decrease of Php126.55 million or 3.25%. The Company's total liabilities as of December 31, 2021 and 2020 amounted to Php2,281.30 million and Php2,683.24 million, respectively, which shows a decrease of Php401.94 million or 14.98%. The Company's equity attributable to parent as of December 31, 2021 and 2020 amounted to Php1,133.76 million and Php867.91 million, respectively, which shows an increase of Php265.85 million or 30.63%. The Company's equity attributable to non-controlling interests as of December 31, 2021 and 2020 amounted to Php355.20 million and Php345.65 million, respectively, which shows an increase of Php 9.55 million or 2.69%.

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

- Cash as of December 31, 2021 and 2020 amounted to Php 89.85 million and Php 124.52 million, respectively, which shows a decrease of Php 34.68 million or 27.85%. Cash flows used in operating activities amounted to Php205.34 million. Cash flows provided by investing activities amounted to Php2.38 million. Cash flows provided by financing activities amounted to Php168.28 million. The net decrease in cash flow amounted to Php34.68 million.

- Receivables - net as of December 31, 2021 and 2020 amounted to Php76.62 million and Php66.62 million, respectively, which shows an increase of Php 10.00 million or 15.00%. The net increase came from additional contract receivables and advances, which was countered by lower trade receivables balance due to better collections.

- Contract assets as of December 31, 2021 and 2020 both amounted to Php316.49 million. The current portion of this account as of December 31, 2021 and 2020 amounted to Php207.17 million and Php250.55 million, respectively. The noncurrent portion of this account as of December 31, 2021 and 2020 amounted to Php108.21 million and Php65.95 million, respectively. The changes during 2021 are due to reclassifications from noncurrent to current.

- Real estate held for sale as of December 31, 2021 and 2020 amounted to Php765.39 million and Php831.73 million, respectively, which shows a decrease of Php66.35 million or 7.98%. The net decrease came from the new real estate sales in 2021 which countered the additional construction and development costs incurred due to GLCI's new project.

- Other current assets as of December 31, 2021 and 2020 amounted to Php226.50 million and Php186.58 million, respectively, which shows an increase of Php39.92 million or 21.40%. The increase primarily came from higher nontrade receivables and creditable withholding taxes.

- Investment property as of December 31, 2021 and 2020 amounted to Php1,692.03 million and Php1,666.39, respectively, which shows an increase of Php25.64 million or 1.54%. Investment property is carried at fair value, resulting in an increase representing the unrealized gain of Php 25.64 million in 2021.

- Property and equipment - net as of December 31, 2021 and 2020 amounted to Php135.11 million and Php231.18 million, respectively, which shows a decrease of Php96.07 million or 41.56%. The net decrease primarily came from depreciation and disposals of certain heavy equipment, transportation equipment, and office & other equipment in 2021.

- Right-of-use assets as of December 31, 2021 and 2020 amounted to Php0.01 million and Php0.68 million, respectively which shows a decrease of Php0.67 million or 98.44%, which represents the depreciation of the right-of-use assets.

- Deferred tax assets as of December 31, 2021 and 2020 amounted to Php25.92 million and Php35.68 million, respectively, which shows a decrease of Php9.76 million or 27.35%. The net decrease primarily came from the net reversal of temporary tax differences in 2021.

- Other noncurrent assets as of December 31, 2021 and 2020 amounted to Php10.70 million and Php13.81 million, respectively, which shows a decrease of Php3.11 million or 22.52%. The decrease primarily came from the deferred input VAT amortization.

- Trade and other payables as of December 31, 2021 and 2020 amounted to Php575.66 million and Php748.93 million, respectively, which shows a decrease of Php 173.27 million or 23.14%. The net decrease primarily came from converting customer's deposits and advances to real estate sales, reduction in advances from third parties, output vat payable, customer's refunds, deferred output VAT, retention payables, and voucher's payable. In contrast, trade payables, shareholder advances, and other payables increased.

- Contract liabilities as of December 31, 2021 and 2020 amounted to Php36.88 million and Php7.82 million, respectively, which shows an increase of Php29.06 million or 371.59%. The increase came from 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.

- Short term loans as of December 31, 2021 and 2020 amounted to Php254.55 million and Php225.96 million, respectively, which shows an increase of Php28.59 million or 12.65%. The increase came from net additional loans made in 2021.

- Purchased land payable as of December 31, 2021 and 2020 amounted to Php5.68 million and Php18.10 million, respectively, which shows a decrease of Php12.43 million or 68.64%. The decrease came from payments made in 2021.

- Loans payable as of December 31, 2021 and 2020 amounted to Php295.29 million and Php351.37 million, respectively, which shows a decrease of Php56.07 million or 15.96%. The net decrease came from the payments made in 2021. Current portion of loans payable as of December 31, 2021 and 2020 amounted to Php77.66 million and Php311.37 million, respectively. Noncurrent portion of loans payable as of December 31, 2021 and 2020 amounted to Php217.63 million and Php40.00 million, respectively.

- Obligations under finance lease as of December 31, 2021 and 2020 amounted to Php0.71 million and Php0.53 million, respectively, which shows an increase of Php0.19 million or 35.32%. The increase came from the payments made in 2021. This account is presented under current liabilities.

- Convertible loans as of December 31, 2021 and 2020 amounted to Php100.00 million and Php495.01 million, respectively, which shows a decrease of Php395.01 million or 79.80%. The reduction pertains to convertible note holders that opted to convert their loans to equity in 2021. Current portion of Convertible loans as of December 31, 2021 and 2020 amounted to Php100.00 million and Php400.37 million, respectively. Noncurrent portion of Convertible loans as of December 31, 2021 and 2020 amounted to -nil- and Php94.64 million, respectively.

- Installment payable as of December 31, 2021 and 2020 amounted to -nil- and Php17.06 million, respectively, which shows a decrease of Php17.06 million or 100.00%. The decrease came from the full payment of installment payable in 2021. Current portion of installment payable as of December 31, 2021 and 2020 amounted to Php Nil million and Php17.06 million, respectively. Noncurrent portion of Installment payable as of December 31, 2021 and 2020 both amounted to -nil-.

- Lease liability as of December 31, 2021 and 2020 amounted to Php0.24 million and Php0.87 million, respectively. The decrease came from payments made in 2021. Current portion of lease liability as of December 31, 2021 and 2020 amounted to Php0.24 million and Php0.68 million, respectively. Noncurrent portion of lease liability as of December 31, 2021 and 2020 amounted to -nil- and Php0.19 million, respectively.

- Loans from officers and shareholders as of December 31, 2021 and 2020 amounted to -nil- and Php64.50, respectively, which shows a decrease of Php64.50 million or 100.00%. The decrease came from reclassifications and payments made in 2021.

- Pension liabilities as of December 31, 2021 and 2020 amounted to Php28.70 million and Php34.02 million, respectively, which shows a decrease of Php5.33 million or

15.66%. The net decrease primarily came from the remeasurement gain on defined benefit obligation incurred in 2021.

- Deposit for future stock subscription as of December 31, 2021 and 2020 amounted to Php465.23 million and Php113.00 million, respectively. The net increase primarily came from the convertible note holders who opted to convert their convertible loans to equity, pending approval from SEC.

- Deferred tax liabilities as of December 31, 2021 and 2020 amounted to Php429.62 million and Php509.35 million, respectively, which shows a decrease of Php79.73 million or 15.65%. The decrease primarily came from the change in tax rates due to the CREATE law.

- Capital stock as of December 31, 2021 and 2020 amounted to Php800.65 million and Php563.53 million, respectively, which shows an increase of Php237.12 million or 42.08%. The increase came from subscriptions to common shares which were issued in 2021.

- Additional paid-in capital as of December 31, 2021 and 2020 amounted to Php186.22 million and Php117.45 million, respectively, which shows an increase of Php68.77 million or 58.55%. The increase came from the additional subscriptions to outstanding common shares which were issued in 2021, net of stock issuance cost.

- Retained Earnings as of December 31, 2021 and 2020 amounted to Php135.97 million and Php186.92 million, respectively, which shows a decrease of Php50.95 million or 27.26%. The decrease primarily came from the 2021 net loss.

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.

Item 7. Financial Statements

The Company's Consolidated Financial Statements containing 95 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 engaged Reyes Tacandong & Co. (RTC) for the year 2021 and Sycip Gores Velayo & Company (SGV) for 2020 as its group external auditors, conducting the financial audit of the group which includes the parent company and its operating and non-operating subsidiaries. The total billing for the service of the auditors are Php2,960,000 and Php3,415,500, both VAT exclusive, for the years 2021 and 2020, respectively.

b) Tax Fees

The Company or any of its subsidiaries did not engage RTC or SGV for any tax services for the years 2021 and 2020.

c) All Other Fees

Aside from their audit services, the Company did not engage any other services of RTC and SGV for the years 2021 and 2020.

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

During the audit, the Company, RTC, 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/Regular Director	December 18, 2021- Present
Roberto B. Ortiz	70	Filipino	Regular Director	December 18, 2021- Present
Augusto Antonio C. Serafica, Jr.	60	Filipino	Regular Director	Jan 01, 2015 -Present
George Edwin Y. Sycip	65	American	Regular Director	Feb 06, 2018 -Present
Eugene T. Tan	59	Filipino	Regular Director	July 28, 2015 - Present
Raul Ma. F. Anonas	59	Filipino	EVP/COO/Regular Director	Jan 01, 2015 / Sept 2012 - Present
Brandon Benito P. Leong	37	Filipino	Regular Director	December 18, 2020- Present
Felipe A. Judan	73	Filipino	Independent Director	December 13, 2019 - Present
Elizabeth C. Timbol	52	Filipino	Independent Director	December 18, 2021- Present

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. Roberto B. Ortiz (Regular Director)

Mr. Ortiz (age 70) 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. Augusto Antonio C. Serafica, Jr. (Chairman/President & CEO, Director)

Mr. Serafica (age 60) 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 65) 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 59) 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. Eugene T. Tan (Regular Director)

Mr. Tan (age 59) was elected as a Regular Director of PHA last October 7, 2021 and is currently the Co-CEO of the Oriental Patron Asia Limited where he manages the corporate finance, capital markets, M&A, sales and distribution businesses and private investment business lines of 28 year old Greater China firm. He was previously the Co-CEO of Shanxi Securities International, where he was responsible for building the ECM/DCM/M&A and primary distribution for Shanxi Securities internationally. Mr. Tan was also held senior management roles in the following companies: Managing Director and Head, Investment Banking and Equity Capital Markets – Asia of the Oppenheimer Investments Asia Limited (2013 –2016), Managing Director, Greater China of Rothschild (Hong Kong) Limited (2010 – 2012). Managing Director of Argyle Street Management (2007- 2010), Managing Director and Head, Financial Institutions Group – Asia, ex-Japan of HSBC Investment Bank (2003 – 2007), Managing Director and Head, Financial Institutions Group – Asia, ex-Japan of HSBC Investment Bank (2003 – 2007), Director and Head, Financial Institutions Group – Asia, ex-Japan of Salomon Smith Barney (1999 – 2002), Director and Head, Equity Capital Markets of ING Barings (1995 – 1998), Associate/Vice President, Global Finance/Corporate Finance. (New York) of Goldman, Sachs & Co. (1990 – 1994), Management Associate/Manager, Institutional Bank of Citibank, N.A. (1985 – 1988). Mr. Tan is also currently the Industrial Zone Task Force Director of Hong Kong Trade and Development Council which advises the Hong Kong government on SME businesses. He was also the Independent Director of KGI Securities (Taiwan) Co. Ltd (2010 – 2013) and KGI Securities (Thailand) Pcl (2008 – 2010), Independent Advisor of Power Sector Asset and Liabilities Management Corporation (2008-2010). Mr. Tan holds a Business Administration and Accountancy degree, Summa Cum Laude, from the University of the Philippines. Mr. Tan obtained his Master of Business Administration degree in Stanford Graduate School of Business, Palo Alto, CA (1988 – 1990) and graduated with distinction and was an Arjay Miller Scholar and Deloitte and Touche Accounting Awardee.

Mr. Brandon Benito P. Leong (Regular Director)

Mr. Leong (age 37) 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.

Mr. Felipe Judan (Independent Director)

Mr. Felipe "Philip" Judan (age 73) 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.

Ms. Elizabeth C. Timbol (Independent Director)

Ms. Elizabeth Timbol (age 52) became an Independent Director of Premiere Horizon Alliance Corporation on December 17, 2021. Ms. Timbol is the visionary leader of ElTi Group of Companies and the Executive Vice President and Chief Operating Officer of Guagua Rural Bank, Inc since January 1992. Under the ElTi group, she owns stock in different companies while being the President and CEO of GMER Real Estate and Development Corporation and Hotel EuroAsia. Her career started in Guagua Rural Bank, Inc., her family's company. She joined the company shortly after graduating from college. There, she learned the ropes, the ins and outs of banking, by doing different tasks she went from the rank and file posts to the management positions. Equipped with experience, learnings, and grit, she transformed the operations of the bank by introducing a modern system with new technologies. This resulted in more efficient staff, better client relationships, and higher revenues. After successfully running her first independent branch with her new system, the next goal was territorial expansion. And not long after, the bank was able to open multiple branches, reaching markets as far as Olongapo, Tarlac, and Quezon City. Ms. Timbol is also the founder of Happy Hearts Foundation. She holds a Masters Degree in Business Administration from Ateneo Graduate School of Business and a BS Commerce major in Legal Management from De La Salle University, Manila.

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.

(2) EXECUTIVE OFFICERS and SIGNIFICANT EMPLOYEES

The officers of the company are as follows:

1. Augusto M. Cosio, Jr. - Chairman
2. Roberto B. Ortiz - President & CEO

3.	Raul Ma. F. Anonas	-	Executive Vice President & COO
4.	Adrian Geovanni F. Luzuriaga	-	Group CFO
5.	Brandon Benito P. Leong	-	Treasurer
6.	Andres A. Del Rosario	-	Senior Vice President & Asst. Treasurer
7.	Ana Liza G. Aquino	-	First Vice President & investor Relations
8.	Joseph Jeeben R. Segui	-	First Vice President & Corp Fin Head
9.	Paolo Antonio A. Martinez	-	AVP & Group Financial 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 2021 (including the preceding two fiscal years, and current fiscal year – estimated only):

Name and Position	Year	Salary	Bonus and Others
Augusto Serafica, Jr **Outgoing Chairman, President & CEO* Raul Ma. F Anonas *EVP & COO* Manolo B. Tuason *CFO* Andres A. Del Rosario *SVP & Treasurer* Augusto M. Cosio, Jr. *Chairman* Roberto B. Ortiz *President & CEO* Adrian F. Luzuriaga *Group CFO* Brandon P. Leong *Treasurer*	2021	Php17,920,0000.00 Est.	
Augusto Antonio C. Serafica Chairman / President & CEO Raul Ma. F Anonas *EVP & COO* Manolo B. Tuason *Chief Financial Officer* Andres A. Del Rosario *SVP & Treasurer*	2020	Php12,220,0000.00 Est.	
Augusto Antonio C.Serafica, Jr.*Chairman / President & CEO* Raul Ma. F Anonas *EVP & COO* Manolo B. Tuason SVP & *CFO* Andres A. Del Rosario *SVP & Treasurer*	2019	Php13,520,0000.00 Est.	
Aggregate Officers and Directors	2021	5,693,333..37 Est	
	2020	5,564,248.37 Est	
	2019	3,510,000.00 Est	

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 2021:

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*	34,576,943 (D)	Filipino	34,576,943	0.68%
Common	Roberto B. Ortiz *Director*	34,027,943 (D)	Filipino	34,027,943	0.67%
Common	Augusto Antonio C. Serafica, Jr., *President & CEO*	217,500,001 (D) 44,070,000 (I)	Filipino	261,570,001	5.13%
Common	George Y. Sycip Director	2,010,000 (D)	American	2,010,000	0.04%
Common	Raul Ma. F. Anonas, *Director*	37,272,729 (D) 21,250,000(D)	Filipino	58,522,729	1.15%
Common	Eugene T. Tan *Director*	20,100,000 (D)	Filipino	83,000	0.39%
Common	Brandon Benito P. Leong *Director*	2,000 (D)	Filipino	2,000	0.00%
Common	Felipe A. Judan *Independent Director*	10,000 (D)	Filipino	10,000	0.00%
Common	Elizabeth C. Timbol *Independent Director*	1 (D)	Filipino	1	0.00%

(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

There has been no change in control in year 2021 and as of date of this information Statement.

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 Company's Integrated Annual Corporate Governance Report (I-ACGR) shall be submitted on or before May 30, 2021, in compliance with SEC Memorandum Circular No. 15, series of 2017.

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits: None

(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, 2021.

January 21, 2021	Premiere Horizon enters the AgriTech Sector
February 10, 2021	Payment of PHP100M Equity Infusion from the New PHA INVESTOR GROUP
March 02, 2021	Results of the Special Meeting of the Board of Directors of Premiere Horizon Alliance Corporation
May 31, 2021	Amendments to the Articles of Incorporation
July 20, 2021	Conversion of Debt to Equity
July 21, 2021	Premiere Horizon Enters into a 2.5B Equity Financing Agreement with LDA Capital
July 21, 2021	Postponement of Annual Stockholders' Meeting
August 12, 2021	Premiere Horizon Issues a Put Option Notice under the Equity Financing Agreement with LDA Capital.
August 16, 2021	Salient points and relevant terms and conditions of Premiere Horizon Alliance Corporation's ("PHA") Put Option Agreement with LDA Capital Limited

September 01, 2021	Deed of Assignment (DOAS) between Squidpay Technology, Inc. (SQUIDPAY) and Premiere Horizon Alliance Corporation (PHA), with the conforme of Philippine Regional Investment Development Corporation (PRIDE), and Philstar Development Bank, Inc. (PHILSTAR)
September 01, 2021	Joint venture and investment by Premiere Horizon Alliance Corp. (PHA) in Phil Star Development Bank, Inc. (PDB)
October 7, 2021	Results of the Regular Meeting of the Board of Directors of Premiere Horizon Alliance Corporation
October 7, 2021	PHA Notice of Annual Stockholders' Meeting
October 18, 2021	LDA Capital Subscribes to 70.835 million shares of Premiere Horizon
November 17, 2021	Premiere Horizon Agrees to Acquire 33% of SquidPay Technology for Php561 Million
November 18, 2021	Premiere Horizon Alliance Corporation (PHA) to Acquire 33% of SquidPay Technology, Inc. (SPT)

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 16 2022, 2022.

PREMIERE HORIZON ALLIANCE CORPORATION

Issuer

SIGNATURES

AUGUSTO M. COSIO, JR.
Chairman of the Board

ROBERTO B. ORTIZ
President & CEO

ADRIAN GEOVANNI F. LUZURIAGA
Group Chief Financial Officer

BRANDON BENITO P. LEONG
Treasurer

SUBSCRIBED AND SWORN to before me this MAY 16 2022 day of ______________2022, affiant(s) exhibiting to me his _______________, as follows:

NAME	COMPETENT IDENTIFICATION NO.
AUGUSTO M. COSIO, JR	168-603-906
ADRIAN F. LUZURIAGA	K1138018Z
ROBERTO B. ORTIZ	122-071-821
BRANDON BENITO P. LEONG	411-869-368

NOTARY PUBLIC

Notary Public
Pasig Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR BCE No. 8121781 / 01-03-22
Lifetime IBP Member No. 04286
Official Receipt No. 574709, IBP Chapter
MCLE Compliance No. VII-0000050 / 6-10-20
Ground Flr. Armal Center, U. Velasco Ave.,
Malinao, Pasig City

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