CR08280-2021

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   - ○ Preliminary Information Statement
   - ◉ Definitive Information Statement
2. Name of Registrant as specified in its charter
   Premiere Horizon Alliance Corporation
3. Province, country or other jurisdiction of incorporation or organization
   Philippines
4. SEC Identification Number
   147584
5. BIR Tax Identification Code
   002-727-376-000
6. Address of principal office
   Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
   Postal Code
   1605
7. Registrant's telephone number, including area code
   (02) 8632 - 7715
8. Date, time and place of the meeting of security holders
   December 17, 2021 at 3:00 PM to be held via remote communication or in absentia at Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Nov 23, 2021
10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor
    Premiere Horizon Alliance Corporation
    Address and Telephone No.
    Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City Tel No. (02) 86327715

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P 0.25 PAR VALUE	5,096,541,496

13. Are any or all of registrant's securities listed on a Stock Exchange?

(selected) Yes ( ) No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange - common shares

Premiere Horizon Alliance Corporation
PHA

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Dec 17, 2021
Type (Annual or Special)	ANNUAL
Time	3:00 PM
Venue	Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
Record Date	Nov 3, 2021

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
None

Filed on behalf by:

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

Premiere Horizon
Invigorating the Countryside

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Please be advised that the Annual Meeting of the Stockholders of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "**Company**" or "**PHA**") will be held on Friday, December 17, 2021 at 3:00 p.m. at Pasig City. Due to the COVID-19 situation and for the health and safety of the stockholders, the meeting will be conducted virtually and may be accessed through the following link https://us02web.zoom.us/webinar/register/WN_nJVvFuCtQUO16RiGc64l9A. The password to attend the meeting shall be provided by the Company to all stockholders of record as of November 3, 2021 or their proxies who have successfully registered to attend the meeting (Please refer to the registration procedure below).

The following is the agenda of the meeting:

1. Call to order
2. Proof of notice and certification of quorum
3. Approval of the minutes of the Annual Meeting of Stockholders held on December 17, 2020
4. Management Report & Audited Financial Statements for year ended December 31, 2021
5. Ratification of acts of the Board of Directors and Management
6. Election of directors
7. Appointment of external auditor
8. Amendment of 2020 Resolution to approve, ratify and confirm the subscriptions by Existing Creditors to 303,030,304 common shares
9. Approval of the Acquisition of 33% of Squidpay Technology, Inc.
10. Approval of increase in authorized capital stock (the "**Increase**") and amendment of Articles of Incorporation of PHA
11. Approval of subscriptions to the 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
12. Approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to up to 133,000,000 common shares
13. Other matters
14. Adjournment

Only stockholders of record as of November 3, 2021 or their proxies shall be entitled to attend and vote at the virtual meeting. Stockholders who wish to attend the virtual meeting by remote communication or *in absentia* must email to **investors@premierehorizon.com** their request to attend, not later than the close of business on December 7, 2021.

Individual stockholders who wish to be represented at the virtual meeting by proxy must either: (a) submit an original, duly signed and accomplished proxy form (which may be downloaded from the website) by post or courier to the Office of the Corporate Secretary at the Corporation's principal office located at Unit 1705 East Tower Philippine Stock Exchange Bldg., Exchange Road, Ortigas Center, Pasig City; or (b) email a scanned copy of proxy form in PDF, JPEG or similar format to **investors@premierehorizon.com** not later than the close of business on December 7, 2021 and transmit the original signed copy not later than the meeting date. The Company shall validate the requests, and the proxies, and email to the stockholders and/or proxy holders the instructions and password on how to access the virtual stockholders' meeting.

If you own shares through your broker or your shares are lodged with the Philippine Depositary Trust Corporation, please secure from your broker, bank or other fiduciary allowed by law a duly signed and accomplished proxy form, which you or your broker, bank or other fiduciary must submit to the Company in the same manner above and not later than December 7, 2021. In accordance with Rule 20.11.2.18 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code, proxies executed by brokers shall be accompanied by a certification under oath stating that before the proxy was given to the broker, he had duly obtained the written consent of the persons in whose account the shares are held.

Corporate shareholders shall likewise be required to submit a notarized secretary's certificate attesting to the authority of the representative or proxy holder to attend and vote at the virtual stockholders' meeting. The same must be submitted to the Company in the same manner above and not later than December 7, 2021. Otherwise, the Company may likewise not recognize you as a stockholder of record.

Validation of proxies will take place on December 10, 2021.

A copy of this Notice of meeting and accompanying annex containing a brief statement of the rationale and explanation of each item in the agenda, Definitive Information Statement, Management Report, SEC Form 17-Q, Proxy Form and other documents related to the meeting are available at the Company's website at https://www.premierehorizon.com.

For any questions about the meeting, you may email **investors@premierehorizon.com**.

Makati City, Metro Manila, November 24, 2021.

ROBERTO V. SAN JOSE
Corporate Secretary

Copies of the Notice, Proxy Form, Definitive Information Statement, Management Report, Audited Financial Statements of the Corporation as of December 31, 2020, Quarterly Report (SEC Form 17-Q) for the period ended September 30, 2021 and other related materials for the Annual Stockholders' Meeting can be accessed through the following options:

1. Scan the QR code using your smart phone's QR code reader.
2. Visit the Company's website at https://www.premierehorizon.com
3. Visit the PSE Edge Portal.
4. Request for a copy by sending an email to **investors@premierehorizon.com**.

ANNEX TO THE NOTICE OF THE
2021 ANNUAL STOCKHOLDERS' MEETING

AGENDA

Details and Rationale

1. Call to order

The Chairman of the Board of Directors, Mr. Augusto M. Cosio, Jr., will call the meeting to order.

2. Proof of notice and certification of quorum

The Corporate Secretary, Mr. Roberto V. San Jose, will certify that copies of the Notice and Definitive Information Statement have been sent to all stockholders of record as of November 3, 2021 and whether the attendees present and represented at the meeting hold a sufficient number of shares for quorum to exist for the valid transaction of business.

3. Approval of minutes of previous stockholders' meeting

Copies of the draft minutes will be distributed before the meeting and are available for examination at the Company website https://www.premierehorizon.com.

The stockholders will be requested to approve the draft minutes. The following is the proposed resolution:

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of Premiere Horizon Alliance Corporation held on December 17, 2020 be, as it is hereby, approved."

4. Management report and audited financial statements

The Chairman and President, Mr. Augusto Antonio C. Serafica, will present the Management Report, the Company's operational highlights and financial results and the audited financial statements for the year ended December 31, 2020. The audited financial statements were prepared by the Company's independent auditors, SyCip Gorres Velayo & Co., and approved by the Company's Audit and Governance Committee and the Board of Directors. In compliance with regulatory requirements, the audited financial statements have also been submitted to the Philippine Stock Exchange, Securities and Exchange Commission and Bureau of Internal Revenue.

Questions will be entertained from the stockholders after the presentation.

The stockholders will be requested to approve the annual report of management as presented by the President, and the audited financial statements for the year ended December 31, 2020. The following is the proposed resolution:

"RESOLVED, that the Annual Report of Management as presented by the President, and the Company's audited financial statements for the year ended December 31, 2020 be, as it is hereby, approved."

5. Ratification of previous corporate acts

The stockholders will be requested to ratify the acts, contracts, resolutions and deeds of the Board of Directors and management of the Company that were significant towards achieving the Company's performance and results. The following is the proposed resolution:

> *"RESOLVED, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."*

6. Election of directors

It is proposed to elect the following members of the Board of Directors. The biographical profiles of the Director-Nominees were provided in the Information Statement that has been posted in the Company's website at https://www.premierehorizon.com. The Director-Nominees are the following;

For Regular Directors

1. Augusto M. Cosio, Jr.
2. Augusto Antonio C. Serafica, Jr.
3. George Edwin Y. Sycip
4. Raul Ma. F. Anonas
5. Eugene T. Tan
6. Roberto B. Ortiz
7. Brandon P. Leong

For Independent Directors

8. Felipe A. Judan
9. Elizabeth C. Timbol

7. Appointment of external auditors

Upon the favorable recommendation of the Company's Audit and Governance Committee, Management proposes to appoint Reyes Tacandong & Co. as the Company's external auditor for the current year 2020-2021. The following is the proposed resolution:

> *"RESOLVED, that the accounting firm Reyes Tacandong & Co. be, as it is hereby, reappointed as the Company's external auditor for the current year 2021-2022."*

8. Amendment of 2020 Resolution to approve, ratify and confirm the subscriptions by Existing Creditors to 303,030,304 common shares

In the 2020 Annual Stockholders Meeting, the stockholders approved a resolution authorizing the subscriptions by the Existing Creditors to 303,030,303 common shares out of the increase in authorized capital stock approved in the same meeting. It is submitted that "303,030,304" was a typographical error which needs to be corrected and that the correct number of shares subscribed by the Existing Creditors was 303,030,304 common shares.

The stockholders are requested to approve the amendment of the 2020 stockholders' resolution and authorize the subscription by Existing Creditors to 303,030,304 common shares and the issuance thereof. The following is the proposed resolution:

*"**RESOLVED,** amending the 2020 stockholders' resolution on the matter, that the following subscriptions by the Existing Creditors to the increase in authorized capital stock of the Corporation be, as it is hereby, approved:*

Name	*Number of Shares to be subscribed shall not be more than the following:*	*Price per share (Php)*	*Amount subscribed (Php) shall not be more than the following:*
Creditors	*303,030,304*	*0.33*	*100,000,000.32*

***RESOLVED FURTHER,** that all agreements and acts of the Board of Directors and officers relating to the foregoing be approved, ratified and confirmed.*

9. Approval of the Acquisition of 33% of Squidpay Technology, Inc. (or "SPT")

The stockholders will be requested to approve the acquisition of 33% of SPT. and to authorize the Board of Directors to determine the terms and condition of the acquisition. Details of the proposed transaction are discussed in the Information Statement.

The following is the proposed resolution:

*"**RESOLVED,** that the stockholders of PREMIERE HORIZON ALLIANCE CORPORATION (the "**Corporation**") hereby approve the acquisition of Two Hundred Sixty Four Million (264,000,000) shares representing Thirty Three Percent (33)% of Squidpay Technology, Inc. and further authorize the Board of Directors to finalize the terms and conditions of the acquisition.*

10. Approval of increase in authorized capital stock and amendment of Articles of Incorporation of PHA

The stockholders will be requested to approve the following:

(i) An increase in the Corporation's authorized capital stock from One Billion Five Hundred Million Pesos (Php1,500,000,000.00) divided into Six Billion (6,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, to up to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00) divided into Ten Billion (10,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, as may be fixed by the Board of Directors; and

(ii) The corresponding amendment to Article Seven of the Corporation's Articles of Incorporation.

Details of the proposed increase in authorized capital stock and amendment of the Articles of Incorporation are discussed in the Information Statement. The following is the proposed resolution:

*"**RESOLVED**, that the increase of the Corporation's authorized capital stock from One Billion Five Hundred Million Pesos (Php1,500,000,000.00) divided into Six Billion (6,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, to up to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00) divided into Ten Billion (10,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, as may be fixed by the Board of Directors, thereby amending the SEVENTH Article of the Articles of Incorporation be, as it is hereby, approved;*

***RESOLVED FINALLY**, that the directors and officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all documents which may be required to implement the foregoing resolutions and secure the approval by the Securities and Exchange Commission of the amendment to the Corporation's Articles of Incorporation."*

11. Approval of subscriptions to the 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

The stockholders will be requested to approve the subscriptions to the 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. Details of the proposed subscriptions are discussed in the Information Statement. The following is the proposed resolution:

*"**RESOLVED**, that the Board of Directors be authorized to accept subscriptions to the increase in authorized capital stock 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;*

***RESOLVED FINALLY**, that the officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all forms, applications, certifications and documents to comply with the regulatory requirements of the Securities and Exchange Commission (or "**SEC**") and Philippine Stock Exchange (or "**PSE**") for the issuance of the shares, SEC registration or notices of exempt transactions, and listing of the shares on the PSE."*

12. Approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to up to 133,000,000 common shares

The stockholders will be requested to approve. ratify and confirm options issued to LDA Capital Limited in accordance with the terms of the Put Option Agreement dated July 20, 2021. Details of the proposed transaction are discussed in the Information Statement.

The following is the proposed resolution:

*"**RESOLVED**, that the stockholders of PREMIERE HORIZON ALLIANCE CORPORATION (the "Corporation") hereby approve, ratify and confirm the issuance of options to subscribe to 133,000,000 common shares of the Corporation at a subscription price of Two Pesos and Twenty-Six Centavos (Php2.26) per share payable in cash. Provided that the options shall be exercised on or before the Expiration Date as defined in the Put Option Agreement dated July 2021;*

RESOLVED FURTHER, that the execution and delivery of the Put Option Agreement dated July 20, 2021 and performance of obligations thereunder, be approved, ratified and confirmed."

13. Other matters

Management may address questions sent in by the stockholders.

14. Adjournment

After all matters in the agenda have been taken up, the Chairman shall entertain a motion to adjourn the meeting.

PREMIERE HORIZON ALLIANCE CORPORATION
ANNUAL STOCKHOLDERS' MEETING
December 17, 2021

P R O X Y F O R M

This proxy is being solicited on behalf of the Board of Directors and Management of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") for voting at the Annual Stockholders' Meeting to be held virtually by remote communications or *in absentia* on December 17, 2021 at 3:00 p.m., with **Record Date** on **November 3, 2021.**

I, the undersigned stockholder of the Company, do hereby appoint, name and constitute either of the Company's **President**, **AUGUSTO ANTONIO C. SERAFICA, JR.**, or **Corporate Secretary, ROBERTO V. SAN JOSE,**

or

____,

as my attorney-in-fact and proxy, to represent me at the Annual Stockholders' Meeting of the Company to be held on December 17, 2021 and any adjournment(s) or postponement(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all actions taken on matters which may properly come before such meeting or adjournment(s) or postponement(s) thereof. In particular, I hereby direct my said proxy to vote on the agenda items below as I have expressly indicated by marking the same with an "**X**".

AGENDA ITEMS	**ACTION**		
Item 1. Call to Order	No action necessary.		
Item 2. Proof of notice and certification of quorum	No action necessary.		
	FOR	**AGAINST**	**ABSTAIN**
Item 3. Approval of the minutes of the Annual Stockholders' Meeting held on December 17, 2020			
Item 4. Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2020			
Item 5. Approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company			
Item 6. Election of directors <u>For Regular Director:</u>			
Augusto M. Cosio, Jr.			
Augusto Antonio C. Serafica, Jr.			
Raul Ma. F. Anonas			
George Edwin Y. Sycip			
Eugene T. Tan			
Roberto B. Ortiz			
Brandon P. Leong			

For Independent Director:			
Felipe A. Judan			
Elizabeth C. Timbol			
Item 7. Approval of the appointment of Reyes Tacandong & Co. as the external auditor of the Company for 2021-2022			
Item 8. Approval of Amendment of 2020 Resolution to approve, ratify and confirm the subscriptions by Existing Creditors to 303,030,304 common shares			
Item 9. Approval of the Acquisition of 33% of Squidpay Technology, Inc.			
Item 10. Approval of increase in authorized capital stock (the "**Increase**") and amendment of articles of incorporation of PHA			
Item 11. Approval of subscriptions to the 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			
Item 12. Approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to 133,000,000 common shares			
Item 13. Other Matters	According to Proxy's Discretion		
Item 14. Adjournment			

IN CASE A PROXY FORM IS SIGNED AND RETURNED IN BLANK

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

FOR the approval of the minutes of the Annual Stockholders' Meeting held on December 17, 2021;

FOR the approval of the Management Report and Audited Financial Statements for year ended December 31, 2020;

FOR the approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;

FOR the election of the following directors: August M. Cosio, Jr., Augusto Antonio C. Serafica, Jr., Raul Ma. F. Anonas, George Edwin Y. Sycip, Eugene T. Tan, Brandon P. Leong, Roberto B. Ortiz, Felipe A. Judan (Independent Director), and Elizabeth C. Timbol (Independent Director);

FOR the approval of the appointment of Reyes Tacandong & Co. as the external auditor of the Company for 2021-2022;

FOR the approval of the amendment of the 2020 Resolution to approve, ratify and confirm the subscriptions by Existing Creditors to 303,030,304 common shares

FOR the approval of the acquisition of 33% of Squidpay Technology, Inc.;

FOR the approval of the increase in authorized capital stock (the "Increase") and amendment of the articles of incorporation of PHA;

FOR the approval of the subscriptions to the 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;

FOR the approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to up to 133,000,000 common shares;

and to authorize the Proxy to vote according to the discretion of the Company's President or Chairman of the Meeting on any matter that may be discussed under "Other Matters".

A Proxy Form that is returned without a signature shall not be valid.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No member of the Board of Directors or executive officer since the beginning of the last fiscal year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

VALIDATION OF PROXIES

The proxy forms and supporting documents shall be submitted to PHA on or before 5:00 p.m. of December 7, 2021 at the principal office of the Company. Proxy forms shall be validated on or before December 10, 2021.

REVOCATION OF PROXIES

A stockholder giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

Signed this ___________________ 2021 at __________________.
(DATE) (PLACE)

_________________________ ____
Printed Name of Stockholder **Signature of Stockholder or Authorized Signatory**

[*N.B.: Partnerships, corporations and associations must attach certified resolutions or extracts thereof designating the Proxy/Representative and authorized signatories]

PLEASE DATE AND SIGN YOUR PROXY

PLEASE MARK, SIGN AND RETURN YOUR PROXY BY HAND OR MAIL (IN TIME FOR IT TO REACH THE COMPANY) **ON OR BEFORE 5:00 P.M. of DECEMBER 7, 2021.**

SECRETARY'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

I, **ANA MARIA A. KATIGBAK**, Filipino, of legal age, and with office address at 3/F The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, being the duly elected Asst. Corporate Secretary of **PREMIERE HORIZON ALLIANCE, INC.** (the "Corporation"), a publicly listed domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Unit 1705, 17th Floor, East Tower, Philippine Stock Exchange Center, Ortigas Center, Pasig Center, hereby certify that at the meeting of the Board of Directors held on October 7, 2021, the following resolution was approved:

> "**RESOLVED**, that the Board of Directors of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "Company") authorize, as it hereby authorizes, the holding of the Annual Stockholders' Meeting by remote communication or in *absentia* on December 17, 2021 with a record date on November 3, 2021;
>
> **RESOLVED FURTHER**, that the Company's President be, as he is hereby, authorized to postpone the Annual Stockholders' Meeting and determine the new meeting dated and record date for the meeting, as the prevailing circumstances may require;
>
> **RESOLVED FINALLY**, that the stockholders be authorized to vote by proxy and/or through a secure online voting system, according to the procedures and rules that the Corporate Secretary may determine."

IN WITNESS WHEREOF, I hereunto affixed my signature NOV 19 2021 this ____ day of ____________________, at Makati City, Metro Manila.

ANA MARIA A. KATIGBAK
Asst. Corporate Secretary

SUBSCRIBED AND SWORN TO before me this NOV 19 2021 at Makati City, Philippines, affiant who is personally known to me and whose identity I have confirmed through her Passport No. P7145377B issued on July 7, 2021 at DFA Manila, Philippines, bearing the affiant's photograph and signature.

Doc. No. 35;
Page No. 8;
Book No. XX;
Series of 2021.

DAISY MARGARET V. DUCEPEC
NOTARY PUBLIC
ROLL NO. 70138
MAKATI CITY, PHILIPPINES

DAISY MARGARET V. DUCEPEC
Appointment No. M-29
Notary Public for Makati City
Until December 31, 2021
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 8533738; 01-04-2021; Makati City
IBP No. 141737; 01-04-2021; Makati Chapter
Roll No. 70138

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20

OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

[ ] Preliminary Information Statement

[X] Definitive Information Statement (AMENDED)

2. Name of Registrant as specified in its charter **Premiere Horizon Alliance Corporation**

3. **Philippines**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **147584**

5. BIR Tax Identification Code **043-002-727-376**

6. **Unit 1705 East Tower, Philippine Stock Exchange Bldg.,**

Exchange Rd., Ortigas Center, Pasig City **1605**

Address of principal office Postal Code

7. Registrant's telephone number, including area code **(02) – 8632-7715**

8. **December 17, 2021 at 3:00 p.m. to be held via remote communication or *in absentia* at Unit 1705 East Tower Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City 1605**
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders

November 23, 2021.

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor : Premiere Horizon Alliance Corporation
Address and Telephone No. : Unit 1705 East Tower Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City 1605; Tel. no. (02)-8632-7715

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	**5,096,541,496 Shares**
	2,254,117,253 Listed

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes _X______ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange - common shares

INFORMATION STATEMENT
(SEC FORM 20-IS)

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders.

Premiere Horizon Alliance Corporation (the "Company" or "PHA") will be holding its Annual Stockholders' Meeting on December 17, 2021 at 3:00 p.m. at Pasig City via remote communication or *in absentia.*

Due to the COVID-19 situation and for the health and safety of the stockholders, the meeting will be conducted virtually and may be accessed through the following link https://us02web.zoom.us/webinar/register/WN_nJVvFuCtQUO16RiGc64l9A. The password to attend the meeting shall be provided by the Company to all stockholders of record as of November 3, 2021 or their proxies who have successfully registered to attend the meeting (Please refer to the registration procedure in the Notice of Annual Stockholders' Meeting).

The complete mailing address of the principal office is Unit 1705 East Tower, Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City.

The approximate date when the information statement will be first sent to security holders is on November 23, 2021.

Item 2. Dissenters' Right of Appraisal

There are no matters to be taken up during the annual stockholders' meeting with respect to which the law allows the exercise of the appraisal right by any dissenting stockholder. The Revised Corporation Code limits the exercise of the appraisal right only in the following instances:

a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);

b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);

c. In case of merger or consolidation (Section 81);

d. In case of investments in another corporation, business or purpose (Section 42).

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who votes against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

Item 3. <u>Interest of Certain Persons in or Opposition to Matters to be Acted Upon</u>

The directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting other than their re-election to their respective positions.

The Company has not been informed in writing by any person of any intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

The complete mailing address of the principal office of is Unit 1705 East Tower, Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City.

The approximate date when the information statement will be first sent to security holders will be on November 23, 2021.

Item 4. Voting Securities and Principal Holders Thereof

The record date to determine the stockholders entitled to notice and to vote at the meeting is on November 3, 2021.

As of November 3, 2021, there are 5,096,541,496 unclassified common shares entitled to notice and to vote at the meeting, of which 1,997,045,840 shares are registered under Filipinos and 214,192,703 shares are registered under foreign ownership. Each common share is entitled to one vote. The Company has 5,096,541,496 common shares listed and traded in the Philippine Stock Exchange ("PSE").

The election of the board of directors for the current fiscal year will be taken up and all stockholders entitled to vote may vote by proxy. The stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Revised Corporation Code. A stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of voting securities as of the record date

The following are the registered and beneficial owners of more than 5% of the voting securities as of November 3, 2021:

Title of Class	Name, address of record owner and relationship	Name of Beneficial owner and relationship with record owner	Citizenship	No. of Shares	Percentage

	with issuer	(direct)			
Common	PCD Nominee Corporation G/F Makati Stock Exchange 6767 Ayala Avenue Makati City Stockholder	PCD Nominee Corp. is the record owner* *The Corporation has no information of any beneficial owner holding more than 5% interest in shares lodged under PCD Nominee Corp. The Corporation has not been informed of the identities of the designated proxies authorized to vote the shares.	Filipino	1,997,045,840	39.18%
Common	Stockholder	Marvin C. Dela Cruz.	Filipino	1,389,802,253	27.27%

(2) Security Ownership of Management

The following are the security ownership of the directors and executive officers of the Company as of November 03, 2021:

Title of Class	Name of Beneficial Owner; Relationship with Issuer	Amount and Nature of Beneficial Ownership (direct & indirect)	Citizenship	Percentage held
Common	Augusto M. Cosio, Jr. Chairman	34,576,943 (D)	Filipino	0.68%
Common	Augusto Antonio C. Serafica, Jr., President & CEO	261,570,001 (D&I)	Filipino	5.13%
Common	George Edwin Y. Sycip, Director	2,010,000 (D)	Filipino	0.04%
Common	Raul Ma. Anonas, Director	58,522,729 (D&I)	Filipino	1.15%
Common	Victor Y. Lim, Director	83,000 (D)	Filipino	0.00%

Common	Roberto B. Ortiz Director	34,027,943 (D)	Filipino	0.67%
Common	Brandon Benito P. Leong, Director	2,000 (D)	Filipino	0.00%
Common	Felipe A. Judan, Independent Director	10,000 (D)	Filipino	0.00%
Common	Elisa May Arboleda-Cuevas, Independent Director *resigned on November 17, 2021	871,500 (D)	Filipino	0.02%
Common	Manolo P. Tuason, SVP/CFO	700,000 (I)	Filipino	0.01%
Common	Andres A. Del Rosario, SVP/CFO	25,303,030 (D)	Filipino	0.50%
Total				8.20

(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 the date of this Information Statement.

Item 5. Directors and Executive Officers

A. Directors and Key Corporate Officers

For the information required of Directors and Corporate Officers and the nominees for directors, including their respective business experience in the last five years, please refer to **Annex "A."**

Also attached as **Annex "C"** is a certification that no directors or officers are connected with any government agencies or its instrumentalities.

The nominees for the Board of Directors of the Corporation for the current year pre-screened by the Nominations Committee are the following:

Antonio M. Cosio, Jr.
Augusto Antonio C. Serafica, Jr.
George Edwin Y. Sycip
Raul Ma. F. Anonas
Eugene T. Tan
Roberto B. Ortiz
Brandon Benito P. Leong
Felipe A. Judan (Independent)
Elizabeth C. Timbol (Independent)

All nominees are Filipino citizens. The aforementioned nominees are expected to attend the annual stockholders' meeting.

Nomination and Election of Independent Directors

The incumbent Independent Director is Mr. Felipe A. Judan. Independent Director Elisa May Arboleda-Cuevas was an Independent Directors until November 17, 2021. The incumbent directors have certified that they possess all the qualification and none of the disqualifications provided under the Securities and Regulation Code ("SRC").

The following are the details of the nominations for Independent Director received and approved by the Nominations Committee:

Nominee for Independent Director	Person Submitting the Nomination	Relation of Nominee to the Nominator
Felipe A. Judan	Raul Ma. F. Anonas	None
Elizabeth C. Timbol	Raul Ma. F. Anonas	None

Please see **Annex "A"** for the biographical information on the following nominees for Independent Directors, including their respective business information in the last five years.

In compliance with the Corporation's Revised Manual of Corporate Governance, the Nominations and Compensation Committee, now known as the Corporate Governance Committee, was constituted and members thereof were duly elected for the year 2021 consisting of Elisa May Arboleda - Cuevas, as Chairman, Felipe A. Judan and Augusto M. Cosio, Jr. as members.

The Corporate Governance Committee was created to accept and pre-screen nominees for the election of the Board Directors as well as Independent Directors conformably with the criteria prescribed under existing SEC rules and the Corporation's Revised Manual of Corporate Governance; to prepare and make available to the SEC and the stockholders before the stockholders' meeting a final list of candidates; to establish a formal and transparent procedure for developing a policy on executive remuneration, and for fixing the remuneration packages of corporate officers and directors. The Corporation complies with the requirements of Rule 38 of the SRC on the nomination and election of Independent Directors.

The Corporate Governance Committee has determined certain criteria for nomination to the Board including the following guidelines: the nature of the businesses of the corporations which the nominee is a director; the age of the director; number of directorship/active memberships and officerships in other organizations; and possible conflicts of interest.

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 Corporation.

Involvement in Certain Legal Proceedings

The Corporation is not a party to any legal proceedings. It is not involved in any pending legal proceedings with respect to any of its properties. It is not involved in any claims or lawsuits involving damages that may materially affect it or its subsidiaries.

However, the Corporation's subsidiaries are involved in the following material legal issues:

(a) Digiwave Solutions Inc. (DSI), a wholly-owned subsidiary of the Company, is currently involved in two (2) pending issues:

  (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. The case is still in the trial stages.

Digiwave Solutions Inc. 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. The defense is scheduled to present its next witness, Atty. Stephen E. Cascolan, on the next hearing date.

(b) Goshen Land Capital, Inc. (GLCI), a 55% owned subsidiary of the Company, is currently involved in four (4) pending matters:

(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 the 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. The next hearing is set on September 14, 2017 for the purpose of terminating presentation of evidence by the parties.

(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 is 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.D. 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.D. 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.

The outcome of these lawsuits or claims cannot be presently determined. In the opinion of Management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Corporation.

Furthermore, its director, George Edwin Y. SyCip is involved in the following legal proceedings:

(1) Victory Fund Limited, Harvest All Investment Limited, Bondeast Private Limited, and Hedy S. C. Yap Chua (collectively, "Complainants"), who are minority stockholders of Alliance Select Foods International, Inc. ("Alliance") filed a complaint against Jonathan Y. Dee, Alvin Y. Dee, Joanna Y. Dee-Laurel, George E. SyCip, Teresita Ladanga, Grace Dogillo, Arak Ratborihan, Raymond See, Marie Grace Vera Cruz, and Antonio Pacis (collectively, the "Respondents") who were or still are directors and/or officers of Alliance, for Syndicated *Estafa* and Falsification of Public Documents before the Office of the City Prosecutor in Manila ("OCPManila"). The OCP-Manila dismissed both complaints (*i.e.,* Syndicated *Estafa* and Falsification of Public Documents charges, and the Perjury counter-charge) through a *Joint Resolution* dated July 12, 2016. The Complainants then filed a *Petition for Partial Review* dated August 29, 2016 in the Department of Justice ("DOJ") which was denied in its *Joint Resolution* dated March 31, 2017.

    The Complainants filed a *Motion for Partial Reconsideration* dated April 17, 2017, which the DOJ granted in its *Joint Resolution* dated March 27, 2018. The DOJ affirmed the dismissal of the Complainants' charges of Syndicated *Estafa* and Falsification of Public Documents against the Respondents but found probable cause to charge the Dees, George SyCip, Teresita Ladanga, Grace Dogillo, and Arak Ratborihan with simple *Estafa* under paragraph 2(a), Article 315 of the Revised Penal Code.

    Mr. SyCip received the March 27, 2018 Resolution on April 5, 2018. He has timely filed his Motion for Reconsideration on April 15, 2018 to dispute the factual and legal findings of the DOJ. The Motion for Reconsideration is currently pending resolution.

(2) On February 13, 2014, Dr. Albert Hong Hin Kay acting in his personal capacity and ON behalf of three foreign corporations who are all stockholders of Alliance Select Foods International, Inc. ("Alliance"), filed a complaint against Mr. SyCip and Alliance's Assistant Corporate Secretary, Atty. Annsley Bangkas, for alleged violation of the complainant corporations' right to inspect under Secs. 74 and 75, in relation to Sec. 144, of the Corporation Code. The case was titled *Harvest All Investment Limited, et al. v. Annsley Bangkas, et al.,* initially docketed as I.S. No. XV-14-INV-14B-00503 at the Office of the City Prosecutor in Pasig ("OCP Pasig"). Thereafter, the same foreign corporations filed on March 11, 2014 another criminal case for alleged violation of the right to inspect, this time against the following members of the Board: Mr. SyCip, Jonathan and Alvin Dee, and Ibarra Malonzo. The case was titled *Harvest All Investment Limited, et al. v. George SyCip, et al.*, initially docketed as I.S. No. XV-14-INV14C-00974, at the OCP-Pasig. These cases were consolidated and transferred to the DOJ and redocketed as NPS Docket Nos. XVI-INV-15B-00033 (formerly I.S. No. XV-14-INV-14B00503) to 00034 (formerly I.S. No. XV-14-INV-14C-00974). These cases were initially dismissed; however, on December 4, 2017, the DOJ reversed its previous rulings through its Resolution dated December 4, 2017 and found probable cause to indict Mr. SyCip and his corespondents. Mr. SyCip filed a Motion for Reconsideration dated December 19, 2017 which is currently pending resolution.

    At the same time, Albert and Hedy Yap-Chua filed a petition for inspection of Alliance's corporate books and records before the Regional Trial Court of Pasig on May 12, 2014. The petition, titled *Hedy S. C. Yap-Chua, et al. v. George E. SyCip, et al.*, is docketed as Commercial Case No. 14-219 (the "Civil Inspection Case") and is currently pending before Branch 161 of the Regional Trial Court of Pasig. The petition for inspection is also based on the same Inspection Request in the abovestated criminal cases.

    As a result of the issuance of the DOJ Resolution dated December 4, 2017, two (2) *Informations* for violation of Sec. 74 in relation to Sec. 144 of the Corporation Code were filed in January 2018 before the Metropolitan Trial Court of Pasig ("MeTC Pasig"). The criminal cases, titled *People of the Philippines v. Annsley Bangkas, et al.,* are docketed as Criminal Case Nos. M-PSG-18-00148-CR to 00149-CR and were raffled to Branch 72 of the MeTCPasig. The MeTC-Pasig issued an *Order* dated February 23, 2018 finding that there is probable cause for the issuance of warrants of arrest against all of the accused including Mr. SyCip and directed the issuance of such warrants. However, the trial court failed to rule on a previously filed Motion to Suspend Due to a Prejudicial Question in relation to the Civil

Inspection Case. At the hearing scheduled on April 10, 2018, the parties were given time to comment on pending incidents in the case.

Notwithstanding the existence of the legal proceedings involving Mr. SyCip, the Company does not find the same to be material to the evaluation of his ability or integrity to occupy the position of director for the current year, and to be elected again as director for the current year 2021-2022.

Other than the above mentioned cases, the Corporation is neither aware of any legal proceedings of the nature required to be disclosed under Part I, paragraph (C) of Annex C, SRC Rule 12 nor is it aware of the occurrence of any of the following events, which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer or control person of the Corporation during the past five (5) years and up to the date of this Information Statement:

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 Corporation 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 Corporation; and

4. judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Corporation found by a domestic or foreign court of competent jurisdiction (in a 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.

Certain Relationships and Related Transactions.

The Corporation, in the regular and ordinary course of business, has entered into transactions with associates, affiliates, subsidiaries and other related parties principally consisting of cash advances and reimbursement of expenses, guarantees and inter-company charges.

Related Party Transactions

1. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company.
   Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties.

   The Company discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including the amount of outstanding balances and its terms and conditions including whether they are secure, and the nature of the consideration to be provided in settlement. The Company recognized

impairment losses for the years ended December 31, 2018 and 2017 amounting to Php 0.06 million and – Nil -, respectively.
Please refer to pages 58 and 59 of the Company's 2018 consolidated audited financial statements attached herein as Annex "B" for the Company's transactions and account balances with related parties done in the normal course of business.

2. In 2008, the Company has entered into a Joint Venture Agreement (JVA) with various landowners for the development of certain lots. Pursuant to such JVA, the landowners shall contribute the title and the interest to the lots and the Company shall provide the necessary funding and expertise to undertake and complete the implementation of the residential project development as development manager, and as exclusive marketing agent of the project. The Company shall pay the landowners their share in net proceeds after deducting a marketing fee equivalent to 15% of the selling price. The Company recognizes the share of the landowners as liability upon sale of the related real estate inventories. These amounts are payable on demand.

3. Compensation of the Company's key management personnel consists of short-term employee benefits amounting to Php 23.86 million, Php 37.82 million, Php24.50 million, and Php 12.80 million, in 2018, 2017, 2016, and 2015, respectively. There are no postemployment benefits in 2017, 2016, and 2015. 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.

Resignation of Directors

No director has declined to stand for re-election to the Board of Directors since the date of the last annual meeting because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices, and the required disclosures relevant to the existence thereof.

Significant Employees

The Corporation has no significant employees who are not executive officers but expected to make a significant contribution to the business.

Item 6. <u>Compensation of Directors and Executive Officers</u>

The following table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer ("CEO"), the four (4) most highly compensated executive officers other than the CEO who served as executive officers, and all officers and directors as a Group as of November 3, 2021 (including the preceding two fiscal years, and current fiscal year – estimated only):

Name / Principal Position	Year	Salary	Bonus	Other Annual Compensation (including *per diems* received)
Augusto M. Cosio, Jr.	2021	1,125,000.00 Est.		27,777,78
Chairman	2020	0 (elected on December 17, 2020)		0
	2019	0 (not a director in 2019)		0
Augusto Antonio C. Serafica, Jr.	2021	3,700,000.00 Est.		0
President & CEO	2020	3,700,000.00		0
	2019	4,810,000.00		0
Raul Ma. F. Anonas	2021	1,700,000.00 Est.		0

EVP & COO	2020	2,210,000.00	0
	2019	3,510,000.00	0
Roberto B. Ortiz	2021	2,025,000.00 Est.	55,555,56
Group CFO	2020	0 (elected on December 17, 2020)	0
	2019	0 (not a director in 2019)	0
Manolo B. Tuason	2021	2,000,000.00 Est.	0
SVP & CFO	2020	2,000,000.00	0
	2019	2,600,000.00	0
Brandon Benito P. Leong	2021	1,125,000.00 Est.	55,555,56
Treasurer	2020	0 (elected on December 17, 2020)	0
	2019	0 (not a director in 2019)	0
Andres A. Del Rosario	2021	2,000,000.00 Est.	0
SVP & Asst. Treasurer	2020	2,000,000.00	0
	2019	2,600,000.00	0
Executive Officers	2021	3,700,000.00 Est.	0
Aggregate Amount	2020	4,810,000.00	0
Unnamed	2019		0
Directors	2021	355,556.00 Est. (Ave. per diem per director Php55,555,56	
	2020	754,249.00 (Ave. per diem per director Php83,805.00)	
	2019	442,745.00 (Ave. per diem per director Php83,805.00	

Compensation of Directors

Under Section 30 of the Revised Corporation Code, in the absence of any provision in the By-Laws of the Corporation, the directors shall not receive any compensation as such directors, except for reasonable *per diem* allowance (an average of Php 25,000.00 per meeting for each director) for their attendance at each board meeting. Any such compensation, other than per diems, may be granted to directors by the vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. Provided, further, that the total yearly compensation shall not be more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

Since the date of their elections, the directors have served without compensation. The directors did not receive any amount or form of compensation for committee participation or special assignments. As of this date, no standard or other arrangements have been made in respect of director's compensation aside from the compensation received as herein stated.

For year 2020, the directors received the following compensation consisting of a *per diem* allowance (an average of Php 25,000.00 per meeting for each director) for their attendance at each board meeting:

Name of Director	Amount (Php)
Antonio M. Cosio, Jr.	0.00
Augusto Antonio C. Serafica, Jr.	0.00
George Edwin Y. Sycip	100,000.00
Raul Ma. F. Anonas	0.00
Eugene T. Tan	0.00
Roberto B. Ortiz	0.00
Brandon Benito P. Leong	0.00
Felipe A. Judan (Independent)	25,000.00
Elisa May Arboleda-Cuevas (Independent; resigned November 17, 2021)	0.00

There are no other arrangements pursuant to which any director of the Corporation was compensated, or is to be compensated, directly or indirectly, during the Corporation's last completed fiscal year and the ensuing year, for any service provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The executive officers of the Corporation are not covered by employment contracts corresponding to their respective job descriptions. There are no arrangements for compensation or payment from the Corporation in the event of a resignation, retirement or termination of the executive officer's employment or change in control of the Corporation. The executive officers are appointed by the Board and receive a fixed compensation the amount of which varies for each executive officer.

Warrants and Options

There are no options and/or warrants held by the Corporation's directors and key executives.

Item 7. Independent Public Accountants

The Corporation's current independent public accountant recommended for re-election for the current year is SyCip, Gorres, Velayo & Co. ("SGV & Co."). Ms. Jennifer D. Ticlao is the engagement partner assigned by SGV & Co. to lead the audit of the Corporation's financial statements. SGV was the auditor for the previous fiscal year ended 2019.

The General Requirements of SRC Rule 68, as amended, under Part 3(b)(iv)(ix), requires that Independent Auditors or in the case of an audit firm, the signing partner of the regulated entities, shall be rotated after every five (5) years of the engagement and a two (2) year cooling off period shall be observed in the reassignment of the same signing partner or individual auditor. The Corporation has engaged SGV & Co. as its external auditor for the past five (5) years, with Mr. Alexis Zaragoza as the new Partner In-Charge beginning audit year 2016. The previous Partner In-Charge was Jose Pepito Zabat III, who handled the audit from year 2011 up to 2015.
Duly authorized representatives of SGV & Co. will be present at this year's Annual Meeting of Stockholders and are expected to respond to appropriate questions. SGV auditors will also be given the opportunity to make a presentation or statement in case they decide to do so.

The 2019 and 2020 audits of the Corporation by SGV & Co. were in compliance with the requirement that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed.

There was no event in the past years where SGV & Co. and the Corporation had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The following are members of the Audit Committee, now renamed as the Audit and Risk Oversight Committee:

Chairman	:	Felipe A. Judan (Independent Director)
Members :		Roberto B. Ortiz
		Victor Y. Lim (Non-Executive Director; Resigned on October 7, 2021

Management is requesting the stockholders to approve appointment of Reyes Tacandong & Co.. as the external auditor of the Company for the current year 2021.

Item 8. Financial and Other Information

The Audited Financial Statement (prepared in accordance with SRC Rule 68, as amended, and Rule 68.1), Statement of Management's Responsibility as of December 31, 2020, Management's Discussion and Analysis of Financial Condition and the Results of Operation for the last three years (required under Part IV (c) of Rule 48), and Market Price of Shares and Dividends are part of the attached **Management Report.**

Status of Operations and Management Plans

The Group reported liquidity gap on currently maturing liabilities amounting to Php1.64 billion. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. The financial position and financial performance of the Group are also expected to be significantly impacted by the effect of COVID-19 pandemic subsequent to the end of the financial year, as disclosed to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

a. Reduction and efficient management of operating expenses;
b. Negotiate interest reduction and/or principal payment extensions and deferrals;
c. Secure all the unsecured loans with the assets of the Group;
d. Divest a portion of the Group's assets and investments to generate cash;
e. Abstain financial support from shareholders and/or officers for gap funding of operations; and
f. Actively seek out partnerships and new investors as a way of generating funds.

D. OTHER MATTERS

Item 9. <u>Amendment of 2020 Resolution to Approve, Ratify and Confirm the Subscriptions by Existing Creditors to 303,030,304</u>

In the 2020 Annual Stockholders Meeting, the stockholders approved a resolution authorizing the subscriptions by the Existing Creditors to 303,030,303 common shares out of the increase in authorized capital stock approved in the same meeting. It is submitted that "303,030,304" was a typographical error which needs to be corrected and that the correct number of shares subscribed by the Existing Creditors was 303,030,304 common shares.

The stockholders are requested to approve the amendment of the 2020 stockholders' resolution and authorize the subscription by Existing Creditors to 303,030,304 common shares and the issuance thereof.

Item 10. <u>Approval of the Acquisition of 33% of Squidpay Technology, Inc. (or "SPT")</u>

The stockholders are requested to approve the acquisition of Two Hundred Sixty Four Million (264,000,000) shares representing 33% of SPT and to authorize the Board of Directors to determine the terms and condition of the acquisition.

On October 29, 2020, Premiere Horizon Alliance Corporation (the "Company" or "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 Php0.33per share for a total consideration of Php925.0 Million, of which Php300 Million will be in cash and the balance of Php625 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

Squidpay Technology, Inc., is a rising payment solutions company that aims to provide a convenient electronic payment and collection system through the use of stored value cards and mobile applications.

The acquisition is in keeping with PHA's focus on businesses in countryside development and will help in the financial inclusivity of the unbanked.

Item 11. <u>Amendment of Articles of Incorporation to Increase the Capital Stock to up to Php 2.5 Billion</u>

Management proposes to increase the Company's authorized capital stock from One Billion Five Hundred Million Pesos (Php1,500,000,000.00) divided into Six Billion (6,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, to up to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00) divided into Ten Billion (10,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share (the "**Increase**"), as may be fixed by the Board of Directors. The stockholders are requested to approve such Increase as well as the corresponding amendment to the Seventh Article of the Corporation's Articles of Incorporation.

The proposed amendment will allow the Company to engage in capital raising activities for its projects and operations.

Item 12. <u>Approval of subscriptions to the 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</u>

The stockholders will be requested to authorize the Board to approve the subscriptions to the 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. This will enable the Company to raise funds for its projects and operations.

Item 13. <u>Approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to up to 133,000,000 common shares</u>

The stockholders are requested to approve. ratify and confirm options issued to LDA Capital Limited in accordance with the terms of the Put Option Agreement dated July 20, 2021. It provides for the issuance of options to subscribe to 133,000,000 common shares of the Corporation at a subscription price of Two Pesos and Twenty-Six Centavos (Php2.26) per share payable in cash, provided that the options shall be exercised on or before the Expiration Date as defined in the Put Option Agreement dated July 2021.

Item 14. <u>Action with Respect to Reports</u>

The following items will be submitted to the shareholders for their approval or ratification:

1. Approval of the minutes of the Annual Meeting of Stockholders held on December 17, 2020
2. Management Report & Audited Financial Statements for year ended December 31, 2020
3. Ratification of acts of the Board of Directors and Management

Copies of the Corporation's Management Report, Audited Financial Statements for year ended December 31, 2020 are available in the website of the Corporation. Approval of the foregoing constitutes a ratification by the stockholders of the Corporation's performance for the year 2020.

Approval of the Minutes of the Annual Stockholders' Meeting held on December 17, 2021 constitutes a ratification of the accuracy and faithfulness of the Minutes to the events which transpired during the meeting. A copy of the Minutes of the Annual Stockholders' Meeting held on December 17, 2021 is available on the Company's website.

Please refer to **Annex "B"** for the disclosures in compliance with Section 49 of the Revised Corporation Code.

Item 15. <u>Matters Not Required to Be Submitted</u>

All corporate actions to be taken up at the annual stockholders' meeting will be submitted to the stockholders of the Corporation for their approval in accordance with the requirements of the Corporation Code.

Matters not required to be submitted are the Call to Order and Certification of Notice and Quorum.

Item 16. Voting Procedures

i. Method of voting

For the approval of the increase in authorized capital stock and corresponding amendment to the Articles of Incorporation, and the approval of the issuance of options to LDA Capital Limited, the favorable vote by stockholders representing at least two-thirds (2/3) of the outstanding capital stock shall be necessary.

In all other items for approval except for the election of directors, the favorable vote by stockholders representing at least a majority of the outstanding capital stock shall be sufficient.

For the election of directors, the nine (9) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

During the election of directors, every stockholder entitled to vote shall have the right to vote the number of shares of stock registered in his own name in the stock and transfer book of the Corporation; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

At least two seats or at least 20% of the number of directors to be elected, whichever is lesser, shall be allotted for the election of independent directors as required by the SRC and Corporation's Code of Corporate Governance.

ii. Since the virtual meeting will be held by remote communication or *in absentia*, the votes of the stockholders shall be taken and counted based only on the proxy forms (in case a shareholder intends to be represented and vote by proxy) received by the Corporation not later than December 7, 2020 and validated by the Company's stock and transfer agent, Stock Transfer Services, Inc. Due to technical limitations, there shall be no available online voting facilities on the day of the stockholders' meeting.

PART II. INFORMATION REQUIRED IN PROXY FORM

Item 1. Identification

This proxy is solicited by the Board of Directors and Management of Premiere Horizon Alliance Corporation. The solicited proxy shall be exercised by Mr. Augusto Antonio C. Serafica, Jr., President of the Corporation or the stockholder's authorized representative.

Item 2. Instruction

a. For agenda items other than election of directors, the proxy form shall be accomplished by marking in the appropriate box either “FOR”, “AGAINST” or “ABSTAIN” according to the stockholder’s/proxy’s preference.

For election of directors, the stockholder/proxy shall mark with an “X” the space across the name of his chosen nominee for regular and independent director.

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

FOR the approval of the minutes of the Annual Stockholders’ Meeting held on December 17, 2021;

FOR the approval of the Management Report and Audited Financial Statements for year ended December 31, 2020;

FOR the approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders’ meeting to date as reflected in the books and records of the Company;

FOR the election of the following directors: August M. Cosio, Jr., Augusto Antonio C. Serafica, Jr., Raul Ma. F. Anonas, George Edwin Y. Sycip, Eugene T. Tan, Brandon P. Leong, Roberto B. Ortiz, Felipe A. Judan (Independent Director) and Elizabeth C. Timbol (Independent Director);

FOR the approval of the appointment of Reyes Tacandong & Co. as the external auditor of the Company for 2021-2022;

FOR the approval of the amendment of the 2020 Resolution to approve, ratify and confirm the subscriptions by Existing Creditors to 303,030,304

FOR the approval of the acquisition of 33% of Squidpay Technology, Inc.;

FOR the approval of the increase in authorized capital stock (the “Increase”) and amendment of the articles of incorporation of PHA;

FOR the approval of the subscriptions to the 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;

FOR the approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to up to 133,000,000 common shares;

and to authorize the Proxy to vote according to the discretion of the Company’s President or Chairman of the Meeting on any matter that may be discussed under “Other Matters”.

A Proxy Form that is returned without a signature shall not be valid.

b. The matters to be taken up in the meeting are enumerated opposite the boxes on the form. The names of the nominee directors are likewise enumerated opposite an appropriate space.

c. The proxy forms should be received by PHA on or before 5:00 p.m. of December 7, 2021 (i) by email to **investors@premierehorizon.com** or (ii) by delivery or mail to the principal office of the Corporation at Unit 1705 East Tower, Philippine Stock Exchange Building, Exchange Road, Ortigas Center, Pasig City. In case a proxy form is emailed to the Corporation not later than 5:00 p.m. of December 7, 2020, the original signed copies of the proxy form should also be **received** by the Corporation by delivery or mail on or before December 11, 2020 in time for validation procedures. Proxy forms shall be validated on December 11, 2020. Proxy forms not received within the prescribed period shall not be counted as part of the quorum for the meeting and the votes therein shall not be recognized.

PLEASE USE THE ATTACHED PROXY FORM

Item 3. Revocability of Proxy

A stockholder may revoke his proxy on or before the date of the Annual Meeting. The proxy may be revoked by the shareholder's written notice to the Corporate Secretary advising the latter of the revocation of the proxy, or by a shareholder's personal attendance during the meeting.

Item 4. Persons Making the Solicitation

This solicitation is made by the Corporation. No director has informed the Corporation in writing or otherwise of his intention to oppose any action intended to be taken up at the meeting. Solicitation of proxies will be done mainly by mail. Certain employees of the Corporations will also solicit proxies in person or by telephone. The estimated amount to be spent by the Corporation to solicit proxies for the Board of Directors is Php 30,000.00. The cost of solicitation will be borne by the Corporation.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No member of the Board of Directors or executive officer since the beginning of the last calendar year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

The Corporation does not intend to bring any matter before the meeting other than those set forth in the Notice of the Annual Meeting of Stockholders and does not know of any matter to be brought before the meeting by others. If any other matter does come before the meeting, the proxy shall vote in the manner indicated by the stockholder, or if no such indication is made, in accordance with proxy's discretion.

The Company will provide without charge to each person solicited, upon his written request, a copy of the Company's annual report on SEC Form 17-A duly filed with the Securities and Exchange Commission. At the discretion of Management, a reasonable fee may be charged for the expense incurred in providing a copy of the exhibits. All requests may be sent to the Company's head office and addressed to:

Attention: Maricel Marinay
Premiere Horizon Alliance Corporation
Unit 1705 East Tower, Philippine Stock
Exchange Bldg., Exchange Rd., Ortigas Center,
Pasig City
Telephone No.: (02) 8632-7715

III. SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on DEE, 2021.

PREMIERE HORIZON ALLIANCE CORPORATION

By:

ANA MARIA A. KATIGBAK
Assistant Corporate Secretary

ANNEX "A"

PREMIERE HORIZON ALLIANCE CORPORATION
BOARD OF DIRECTORS & MANAGEMENT TEAM
As of November 2021

The following are the information required of Directors and Corporate Officers and directors-nominees, including their respective business experience in the last five years,

PHA BOARD OF DIRECTORS

#	Name	Position
1	Augusto M. Cosio, Jr.	Chairman
2	Augusto Antonio C. Serafica, Jr.	Director
3	Raul Ma. F. Anonas	Director
4	George Y. Sycip	Director
5	Eugene T. Tan	Director
6	Brandon P. Leong	Director
7	Roberto B. Ortiz	Director
8	Felipe A. Judan	Independent Director
9	Elisa May Arboleda-Cuevas	Independent Director
10	Roberto V. San Jose	Corporate Secretary
11	Ana. Maria A. Katigbak	Assistant Corporate Secretary
12	Stephen E. Cascolan	Assistant Corporate Secretary

Augusto M. Cosio, Jr.
(Chairman)

Mr. Cosio (Filipino, 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.

Augusto Antonio C. Serafica, Jr.
(President & CEO)

Mr. Serafica (Filipino, age 59) was elected as a Regular Director during the Board meeting on May 2010 and became Chairman in March 2011 until December 2014. Mr. Serafica is the President & CEO of Premiere Horizon and was again elected as Chairman on February 6, 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 Marcventures 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 Chairman of the Board of Trustees of the Brotherhood of Christian Businessmen & Professionals. A CPA, Mr. Serafica earned his BA in Accountancy from San Beda College and acquired his MA in Business Management from the Asian Institute of Management.

Raul Ma. F. Anonas
(Executive Vice President & COO / Director)

Mr. Anonas (Filipino, age 58) was elected as Regular Director of Premiere Horizon in September 2012. Mr. Anonas was the Chairman of Rosabaya Distributors Inc. and Humabon Distributors. He was also the Vice Chairman of First Ardent Property Development Corporation and used to be 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.

George Y. SyCip
(Director)

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

Roberto B. Ortiz
(Director)

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

Brandon P. Leong
(Director)

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

Eugene T. Tan
(Director)

Mr. Tan (Filipino, 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.

Felipe A. Judan
Independent Director

Mr. Felipe "Philip" Judan (Filipino, age 72) became a Regular Director of Premiere Horizon Alliance Corporation on December 2019. Mr. Judan brings with him decades of experience and expertise in the logistics and shipping industry. He served as an Undersecretary of Maritime Affairs at the Department of Transportation from 2016 to 2018. He had direct oversight of: Maritime Industry Authority (Marina), Philippine Coast Guard (PCG), Philippine Ports Authority (PPA), Cebu Ports Authority (CPA), and Philippine Merchant Marine Academy (PMMA). He was also the COO and Director of Southwest Maritime Group of Companies from 1993 to 2016. He was President of the various subsidiaries like Southwest Tankers, Inc., Southwest Gas Corporation, SW United Professional Services, Inc to name a few. He was also the President of the National Shipping Corporation of the Philippines (NSCP) from 1987 to 1994. He was Chairman of Interpacific Shipping

Corporation, a shipping agency subsidiary of NSCP based in California USA. He was also a former director of Philippine National Construction Corporation and National Trucking & Forwarding Corporation. Sportswise, Mr. Judan has been the President of the Federation of Philippine Amateur Senior Golfers Association, Inc. (FPASGI) and the Confederation of ASEAN Senior Golfers Associations (CASGA). Mr. Judan was born and raised in Muñoz, Nueva Ecija. He graduated "Cum Laude" with a BSBA Degree from the University of the East in 1968. As a Certified Public Accountant, he worked with SGV and was sent as a Scholar to the Asian Institute of Management for his Masters in Business Management Degree.

Elisa May Arboleda - Cuevas
Independent Director

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

<u>NOMINEES FOR INDEPENDENT DIRECTORS</u>

Felipe A. Judan
Renominated for Independent Director

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

Elizabeth Timbol
New Nominee for Independent Director

Ms. Elizabeth Timbol (Filipino, age 51) 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. She is also the founder of Happy Hearts Foundation. She holds a Masters Degree in Business Administration from Ateneo Graduate School of Business and BS Commerce major in Legal Management from De La Salle University, Manila

SUBSIDIARY HEADS

West Palawan Premiere Development Corporation (WPP)

Danilo A. Antonio
(President)

Mr. Antonio (Filipino, age 66) brings to WPP more than three decades of high-level experience in property development, encompassing all types of land uses and all major project phases. He is the co-founder of The Land Company (LANDCO), the developer of Punta Fuego. Mr. Antonio was also an executive of Ayala Land. He was a Director of Bonifacio Land, COO of Eton Properties Philippines, Managing Director of Filinvest Festival Mall, General Manager of SM Cinemas and Business Development Adviser of Rockwell Land. He was also Board Chairman of Canyon Woods and Director of Punta Fuego Beach Resort. Mr. Antonio is also an educator and a public servant. He was appointed as Undersecretary of OPARR (Office of the Presidential Assistant for Rehabilitation and Recovery) in December 2013 and led the fund raising of Php28 billion worth of rehabilitation assistance for the Yolanda victims. Mr. Antonio is a Director of the Asian Center for Entrepreneurship (ACE) as a Guru in the Master in Entrepreneurship Program, now under the Ateneo Graduate School of Business. He was also a faculty of the Asian Institute of Management in the Real Property Management and Development (RPDM) of its MBA Program.

Alexander T. Lichauco
(General Manager)

Mr. Lichauco (Filipino, age 52) has over 20 years of entrepreneurial, operations, investment finance and teaching experience in multiple economic cycles and varying market conditions. Core areas of expertise include investment finance, operations management, financial engineering, creative industry and software development in varying software languages and protocols. He is well versed in the creation and origination of various operating companies and has more than 7 years of teaching experience in a major university in the Philippines. He acquired his MBA degree with Excellence distinction from the Fordham Graduate School of Business in New York and earned his BS Management degree from the Ateneo De Manila University.

Premiere Georesources and Development Inc. (PGDI)
Carlos C. Cruz
President & CEO

Eng. Carlos Cruz (Filipino, age 58) has been the President of Premiere Georesources and Development Inc. since 2011. He has over 30 years experience in the field of construction and in open pit mining and dam construction, and is knowledgeable on the current trends in site development, excavation, and general earthmoving. He has managed contract mining activities for more than 25 years. Companies serviced include Nickel Asia Corporation, Marcventures Mining and Development Corporation, Benguet Corporation and Philex Mining Corp. Mr. Cruz also engaged in various real estate projects for clients like Filinvest Development Corporation, Sta. Lucia Realty and Development Corporation, Fil-Estate Development Corporation, Asian Pacific Estates and Development Corporation, Palmera Homes, JAKA Realty Corporation including the AFP Northern Luzon Command Subdivision Project. General engineering and earthworks were likewise undertaken for companies like Kawasaki Steel Corporation, Hopewell Power Corporation, D.M. Consunji, Inc., China Harbor Engineering Company and TOYOAgno River Flood Control System. Mr. Cruz has a Bachelor of Science degree in Civil Engineering and holds a Civil Engineer professional license.

Goshen Land Capital, Inc.

Alexander L. Bangsoy
(President & CEO)

Atty. Alexander Bangsoy (Filipino, age 55) is the President and CEO of Goshen Land Capital, Inc., one of the biggest real estate companies in Northern Luzon in the Philippines. He was recently appointed by President Noynoy Aquino a board seat at the John Hay Management Corporation (JHMC), a subsidiary of the Bases Conversion Development Authority (BCDA). He was nominated as an Ernst & Young 2013 Entrepreneur of the Year by the Philippine Stock Exchange and was one of the top 12 finalists for the award. Locally, Atty. Bangsoy was nominated as an Outstanding Citizen of Baguio in 2013. Atty. Bangsoy graduated with a Bachelor of Science degree major in Accounting from Saint Louis University. He holds a degree of Doctor in Jurisprudence (JD) from the Ateneo College of Law and a Masters in Entrepreneurship from the Asian Institute of Management. He took up the Owner/President Management Program Batch 45 at the Harvard Business School, Boston, U.S.A and he continued his study at the Kellogg School of Management, Chicago and took the Accelerating Sales Force Performance. He is currently the administrator of the Manahan Bldg. in Session Road in Baguio City, former Legal Consultant to the National Power Corp. of the Office of the President, a leader of Tuloy Pinoy and an active Member of Gawad Kalinga and Legal Aid.

PHA MANAGEMENT TEAM

Name	Position
Augusto M. Cosio, Jr.	Chairman
Augusto Antonio C. Serafica, Jr.	President & CEO
Roberto V. San Jose	Corporate Secretary
Ana Maria Katigbak-Lim	Assistant Corporate Secretary
Raul Ma. F. Anonas	EVP/COO
Roberto B. Ortiz	Group CFO
Brandon P. Leong	Treasurer
Andres A. Del Rosario	SVP/Asst. Treasurer
Manolo B. Tuason	SVP/CFO
Alexander T. Lichauco	FVP/GM, WPP
Ana Liza G. Aquino	FVP/Investor Relations/CFO, GLCI
Joseph Jeeben R. Segui	FVP/Corp Finance Head/CFO, PGDI
Stephen E. Cascolan	Asst. Corp. Sec. / VP Legal
Paolo A. Martinez	AVP/Comptroller

Augusto Antonio C. Serafica, Jr.
(President & CEO)

Mr. Serafica (Filipino, age 59) was elected as a Regular Director during the Board meeting on May 2010 and became Chairman in March 2011 until December 2014. Mr. Serafica is the President & CEO of Premiere Horizon and was again elected as Chairman on February 6, 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 Marcventures 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 Chairman of the Board of Trustees of the Brotherhood of Christian Businessmen & Professionals. A CPA, Mr. Serafica earned his BA in Accountancy from San Beda College and acquired his MA in Business Management from the Asian Institute of Management.

Atty. Roberto V. San Jose
(Corporate Secretary)

Atty. San Jose (Filipino, age 78) was elected as Director on May 27, 2015 and has been the Corporate Secretary of the Company since 1996. He is a member of the Philippine Bar and is a Name 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 graduated from De La Salle University with an A.B. Pre-Law degree (Summa Cum Laude). He holds a Law Degree from the University of the Philippines where he graduated Magna Cum Laude and Class Valedictorian. He placed 1st in the 1966 Philippine Bar Examinations

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

Atty. Katigbak (Filipino, age 51) is 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. She is a member of the U.P. Women Lawyers' Circle (WILCOI) and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines. She also took up Summer Institute of International and Comparative Law at the Cornell Law School – Universite Paris I Pantheon–Sorbonne.

Raul Ma. F. Anonas
(Executive Vice President & COO)

Mr. Anonas (Filipino, age 58) was elected as Regular Director of Premiere Horizon in September 2012. Mr. Anonas was the Chairman of Rosabaya Distributors Inc. and Humabon Distributors. He was also the Vice Chairman of First Ardent Property Development Corporation and used to be 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.

Andres A. Del Rosario
(Senior Vice President & Treasurer)

Mr. Andres A. del Rosario (Filipino, age 57) was elected as a Regular Director of PGDI in 2017. Mr. Del Rosario has extensive experience in corporate finance, investment banking, treasury, and business development. The exposure to different projects throughout his investment banking career as well as banking proper, has given him ample experience to a range of financial products and services, corporate restructuring and due diligence reviews. In looking at new projects or investments, all of these experiences come in to play to ensure that these are beneficial to the company. Mr. Del Rosario is also the SVP and Treasurer of Premiere Horizon Alliance Corporation, a publicly listed company. He is also the Treasurer of Goshen Land Capital, Inc. and West Palawan Premiere Development Corporation. He used to be Treasurer of Marventures Holdings, Inc., and a Director of Asian Alliance Investment Corporation. He is a graduate of AB Economics at the Ateneo de Manila University.

Manolo B. Tuason
(Senior Vice President & CFO)

Mr. Tuason (Filipino, age 68) has over 40 years experience in the field of financial management and backroom operations that include management information system, treasury management and control, financial and management accounting, auditing, administration and personnel management. Mr. Tuason is currently the SVP and CFO of Premiere Horizon Alliance Corporation. Mr. Tuason earned his Bachelor of Commerce major in Accounting degree from De La Salle University where he graduated with Honors. Mr. Tuason is a Certified Public Accountant and also took up a Masters in Business Administration at Ateneo de Manila University.

Alexander T. Lichauco
(First Vice President / General Manager, WPP)

Mr. Lichauco (Filipino, age 52) has over 20 years of entrepreneurial, operations, investment finance and teaching experience in multiple economic cycles and varying market conditions. Core areas of expertise include investment finance, operations management, financial engineering, creative industry and software development in varying software languages and protocols. He is well versed in the creation and origination of various operating companies and has more than 7 years of teaching experience in a major university in the Philippines. He acquired his MBA degree with Excellence distinction from the Fordham Graduate School of Business in New York and earned his BS Management degree from the Ateneo De Manila University.

Ana Liza G. Aquino
(First Vice President / Investor Relations Officer / CFO, GLCI)

Ms. Aquino (Filipino, age 49) has over 15 years experience in operations management in the IT Outsourcing industry. She has in-depth knowledge of the software development life cycle with over 10 years experience in managing software development projects for US clients. She is currently the First Vice President of PHA and the Investor Relations Officer with over 5 years experience in Corporate Finance, Mergers & Acquisition and Corporate Affairs. Since late 2019, she has also been designated as the CFO of Goshen Land Capital, Inc., the real estate subsidiary of PHA. Ms. Aquino has an Executive MBA degree from the Asian Institute of Management and earned her AB Management Economics degree from the Ateneo de Manila University.

Joseph Jeeben R. Segui
(First Vice President / Corporate Finance Head / CFO, PGDI)

Mr. Segui (Filipino, age 33) has over 8 years experience in corporate finance, mergers and acquisition, corporate valuation, financial modeling and financial analysis. Mr. Segui is the First Vice President and the head of Corporate Finance of Premiere Horizon Alliance Corporation. He is also the CFO of Premiere Georesources and Development Inc. Mr. Segui also worked as a Consultant at Mitchell Madison Group at their Los Angeles, USA office. Mr. Segui has a Bachelor of Science in

Mathematics degree from the University of the Philippines, Diliman, where he graduated a Summa Cum Laude. He also passed the CFA Level 1 examinations.

Stephen E. Cascolan
(Asst. Corporate Secretary/Vice President / Legal Head)

Atty. Cascolan (Filipino, age 45) has 15 years extensive experience in litigation, legal and administrative work. In the past five years, the Atty. Cascolan has been the Vice President and Legal Head of Premiere Horizon Alliance Corporation. He is also the Managing Partner of the Benipayo and Partners Law Firm. Atty. Cascolan also previously worked with the Commission on Human Rights, the Public Attorney's Office, Office of the President-ODESLA, Philippine Overseas Employment Administration and the Office of the Ombudsman, all in executive level capacities. Atty. Cascolan has a Bachelor of Laws degree from the University of the East. He completed his BA Philippine Studies major in Journalism and Creative Writing degree at the University of the Philippines.

Paolo Antonio A. Martinez
(Assistant Vice President /Group Financial Comptroller)

Mr. Martinez (Filipino, age 34) has over 10 year experience in accounting, audit, financial management, tax planning and management. A CPA by profession, Mr. Martinez is currently the Assistant Vice President and Group Financial Controller of Premiere Horizon Alliance Corporation. Mr. Martinez has a Bachelor of Science in Accountancy degree from Pamantasan ng Lungsod ng Maynila. He is currently enrolled in the Executive Masters in Business Administration program of the Asian Institute of Management.

ANNEX "B"

Disclosure Requirements under
Section 49 of the Revised Corporation Code

a. **A description of the voting and vote tabulation procedures used in the previous meeting:**

Under the Company's By-Laws, every stockholder shall be entitled to one vote for each share of stock standing in his/her name in the books of the Company. For the election of directors, each stockholder may cumulate his/her votes.

Stockholders who successfully registered for the meeting were given the opportunity to cast their votes through the submission of proxy forms. There were ten (10) items for approval excluding the adjournment, as indicated in the agenda set out in the Notice.

For items other than the election of directors, the stockholders had the option to either vote in favor of or against a matter for approval, or to abstain.

For the election of directors, the stockholders had the option to vote their shares for each of the nominees, not vote for any nominee, or vote for one or some nominees only, in such number of shares as the stockholders prefer; provided that the total number of votes cast did not exceed the number of shares owned by them multiplied by the number of directors to be elected.

Votes received through proxy forms were validated by Stock Transfer and Services, Inc., the Company's Stock and Transfer Agent. The results of the voting, with full details of the affirmative and negative votes, as well as abstentions, are reflected in the minutes of the meeting.

For all items in the agenda to be approved today, other than the election of directors and the proposed increase in authorized capital stock and amendment to the Articles of Incorporation, the vote of the stockholders representing at least a majority of the outstanding capital stock was sufficient to approve the matter.

For the election of directors, the nine (9) nominees who received the highest number of votes were declared the duly elected members of the Board of Directors for the current term.

For the proposed increase in authorized capital stock and corresponding amendment of the Articles of Incorporation, the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock was sufficient to approve the matter.

b. **A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given:**

Stockholders, once successfully registered, were given an opportunity to raise questions or express comments limited to the agenda items by submitting the same through email prior to the meeting, or through the Zoom portal or by email during the meeting. Management endeavored to reply to these questions or address these comments at the end of this meeting. Questions not answered would be answered via email.

No questions were received from the stockholders prior to and during the meeting.

c. The matters discussed and resolutions reached; and
d. A record of the voting results for each agenda item

After proof of notice and certification of quorum, the following matters were taken up at the Annual Stockholders' Meeting held on December 16, 2020 together with the approved resolutions and voting results:

1. Approval of minutes of previous stockholders' meeting

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of Premiere Horizon Alliance Corporation held on October 24, 2019 be, as it is hereby, approved"

Number of Shares Voting:
In Favor - 1,513,757,206
Against - 0
Abstain - 0

2. Management report and audited financial statements

"RESOLVED, that the Annual Report of Management as presented by the President, and the Company's audited financial statements for the year ended December 31, 2019 be, as it is hereby, approved."

Number of Shares Voting:
In Favor - 1,513,757,206
Against - 0
Abstain - 0

3. Ratification of previous corporate acts

"RESOLVED, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."

Number of Shares Voting:

In Favor - 1,513,757,206
Against - 0
Abstain - 0

4. Election of directors

The following were elected as members of the Board of Directors for 2020-2021:

For Regular Directors

1. Augusto Antonio C. Serafica
2. George Edwin Y. Sycip
3. Winston A. Chan
4. Raul Ma. F. Anonas
5. Victor Y. Lim
6. Ramon A. Recto
7. Danilo A. Antonio

For Independent Directors

8. Felipe A. Judan
9. Ramon G. Santos

Each director received 1,513,757,206 votes.

5. Appointment of external auditors

"RESOLVED, that the accounting firm SyCip Gorres Velayo & Co. be, as it is hereby, re-appointed as the Company's external auditor for the current year 2020-2021."

Number of Shares Voting:
In Favor - 1,513,757,206
Against - 0
Abstain - 0

6. Approval and Ratification of Memorandum of Agreement and related transactions between PHA and Marvin Dela Cruz on behalf of the shareholders of Squidpay Technology, Inc. (or "SPT Shareholders")

"**RESOLVED,** that the stockholders of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "**Corporation**") hereby approve, ratify and confirm, the execution of the memorandum of agreement and subscription agreements for the subscription to a total of 2,803,030,303 common shares (the "**Subscription Shares**") representing 55% of the resulting outstanding capital stock of the Corporation, at a price of Php0.33per share for a total consideration of Php925.0 Million, of which Php300 Million will be payable in cash and the balance of Php625 Million will be payable through cash and/or infusion of Squidpay Technology, Inc. shares;

RESOLVED FURTHER, that the Board of Directors be, as it is hereby, authorized to finalize and approve the terms and conditions to implement the foregoing transactions;

RESOLVED FURTHER, that the following officers of the Corporation:

Chairman/President and : Mr. Augusto Antonio C. Serafica, Jr.

Chief Operating Officer : Mr. Raul Ma. F. Anonas

be, as they are hereby, authorized to sign, execute and deliver the memorandum of agreement, subscription agreements, and other contracts, certifications, notices and documents, and to perform any and all acts which may be necessary, requisite and proper to implement the foregoing resolution;

RESOLVED FINALLY, that the officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all forms, applications, certifications and documents to comply with the regulatory requirements of the Securities and Exchange Commission (or "**SEC**") and Philippine Stock Exchange (or "**PSE**") for the issuance of the shares, SEC registration or notices of exempt transactions, and listing of the shares on the PSE."

Number of Shares Voting:
In Favor - 1,513,757,206
Against - 0
Abstain - 0

7. Approval and Ratification of subscriptions by SPT shareholders to 263,636,364 new shares out of the existing unissued capital stock of PHA

*"**RESOLVED**, that the stockholders of Premiere Horizon Alliance Corporation (the "**Corporation**") approve, ratify and confirm the issuance of 263,636,364 common shares out of the existing unissued authorized capital stock of the Corporation to the shareholders of Squidpay Technology, Inc. according to the breakdown of shares approved by the Corporation's Board of Directors;*

__RESOLVED FURTHER__, that the execution of the subscription agreements and all acts to implement the subscription agreements performed by the following officers of the Corporation:

Chairman/President : Mr. Augusto Antonio C. Serafica, Jr. and

Chief Operating Officer : Mr. Raul Ma. F. Anonas be, as they are hereby, approved, ratified and confirmed"

Number of Shares Voting:
In Favor - 1,513,757,206
Against - 0
Abstain - 0

8. Approval of increase in authorized capital stock and amendment of Articles of Incorporation of PHA

*"**RESOLVED**, that the increase of the Corporation's authorized capital stock from Five Hundred Sixty Three Million Five Hundred Fifty Six Thousand Pesos (Php563,556,000) divided into Two Billion Two Hundred Fifty*

*Four Million Two Hundred Twenty Four Thousand (2,254,224,000) common shares with par value of Twenty Five Centavos (Php0.25) each share, **to** up to One Billion Five Hundred Million Pesos (Php1,500,000,000.00) divided into Six Billion (6,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, as may be fixed by the Board of Directors, thereby amending the SEVENTH Article of the Articles of Incorporation be, as it is hereby, approved;*

***RESOLVED FINALLY**, that the directors and officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all documents which may be required to implement the foregoing resolutions and secure the approval by the Securities and Exchange Commission of the Corporation's increase in authorized capital stock and amendment of the Articles of Incorporation."*

Number of Shares Voting:
In Favor - 1,513,757,206
Against - 0
Abstain - 0

9. Approval of subscriptions by SPT shareholders to up to 2,539,393,939 shares and existing creditors to up to 303,030,303 shares out of the increase in authorized capital stock of PHA

*"**RESOLVED**, that the following subscriptions by the shareholders of Squidpay Technology, Inc. (the "**SPT Shareholders**") and existing creditors to the increase in authorized capital stock of the Corporation be, as it is hereby, approved:*

Name	*Number of Shares to be subscribed shall not be more than the following:*	*Price per share (Php)*	*Amount subscribed (Php) shall not be more than the following:*
SPT Shareholders	*2,539,393,939*	*0.33*	*837,999,999.87*
Creditors	*303,030,303*	*0.33*	*99,999,999.99*

***RESOLVED FURTHER**, that the Board of Directors be, as it is hereby, authorized to approve the breakdown of shares for the subscriptions by the SPT Shareholders and existing creditors, and to finalize the other terms and conditions to implement the foregoing transaction;*

***RESOLVED FURTHER,** that the following officers of the Corporation:*

Chairman/President : Mr. Augusto Antonio C. Serafica, Jr. and

Chief Operating Officer : Mr. Raul Ma. F. Anonas

be, as they are hereby, authorized to sign, execute and deliver the subscription agreements, and other contracts, certifications, notices and documents, and to perform any and all acts which may be necessary, requisite and proper to implement the foregoing resolution;

***RESOLVED FINALLY**, that the officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all forms, applications,* *certifications and documents to comply with the regulatory requirements of the Securities and Exchange Commission (or "**SEC**") and Philippine Stock Exchange (or "**PSE**") for the issuance of the shares, SEC registration or notices of exempt transactions, and listing of the shares on the PSE."*

<u>*Number of Shares Voting:*</u>
In Favor - 1,513,757,206
Against - 0
Abstain - 0

10. Waiver of the requirement to conduct a rights/public offer under the Philippine Stock Exchange Additional Listing Rule in connection with the issuance of shares to SPT shareholders and existing creditors who are related parties

"RESOLVED, that the stockholders hereby waive the requirement of the Philippine Stock Exchange of a rights or public offering in relation to the subscriptions to the increase in authorized capital stock of the Corporation by the shareholders of Squidpay Technology, Inc. and existing creditors who are related parties."

<u>*Number of Shares Voting:*</u>
In Favor - 1,513,757,206
Against - 0
Abstain - 0

e. A list of the directors or trustees, officers and stockholders or members who attended the meeting:

Director, Chairman of Related Party Transactions Committee	-	Winston A. Chan
Director, Executive Vice President, Chief Operating Officer & Corporate Information Officer	-	Raul Ma. F. Anonas
Director	-	Victor Y. Lim
Director	-	Ramon A. Recto
Director	-	Danilo A. Antonio
Director, Chairman of Executive Committee	-	George Edwin Y. SyCip
Independent Director and Chairman of Audit and Risk Oversight Committee	-	Felipe A. Judan
Independent Director and Chairman of Corporate Governance Committee	-	Ramon G. Santos

Senior Vice President & Chief Finance Officer, Deputy Corporate Information Officer and Data Protection Officer	-	Manolo B. Tuason
First Vice President & General Manager, West Palawan Premiere	-	Alexander T. Lichauco
Senior Vice President & Treasurer	-	Andres A. Del Rosario
First Vice President & Investor Relations Officer	-	Ana Liza G. Aquino
First Vice President & Corporate Finance Head	-	Joseph Jeeben R. Segui
Corporate Secretary	-	Roberto V. San Jose
Assistant Corporate Secretary	-	Ana Maria A. Katigbak
Assistant Corporate Secretary, Vice President/Chief Legal Officer	-	Stephen E. Cascolan
Assistant Vice President/Financial Comptroller	-	Paolo Antonio A. Martinez

f. Material information on the current stockholders and their voting rights

As of record date November 20, 2020, there were 1,990,480,889 unclassified common shares entitled to notice and to vote at the meeting, of which 1,629,548,876 shares were registered under Filipinos and 143,003,303 shares were registered under foreign ownership. Each common share was entitled to one vote, subject to the right to cumulate votes with respect to the election of directors. The Company had 1,990,480,889 common shares listed and traded in the Philippine Stock Exchange ("PSE"). (See page 2 of the 2020 Definitive Information Statement)

g. Director attendance report indicating the attendance of each director at each of the meetings of the Board and its committees and in regular or special meetings

See attached Board Attendance Report for the year 2020

Meetings of the Board of Directors for the Year 2020

Name of Directors	RM June 25	RM Sept. 16	SM Oct. 29	OM Dec. 28
Augusto Antonio C. Serafica, Jr.	√	√	√	√
George Edwin Y. Sycip	√	√	√	**X**
Ramon A. Recto	√	√	√	**X**
Raul Ma. F. Anonas	√	√	√	√
Victor Y. Lim, Jr.	**X**	√	**X**	√
Winston A. Chan	√	√	√	**X**
Ramon G. Santos	√	√	√	√
Danilo A. Antonio	√	√	√	**X**
Felipe A. Judan	√	**X**	**X**	√
Augusto M. Cosio, Jr.	**N/A**	**N/A**	**N/A**	√
Roberto B. Ortiz (Incoming)	**N/A**	**N/A**	**N/A**	**X**
Brandon P. Leong (Incoming)	**N/A**	**N/A**	**N/A**	**X**
Elisa May Arboleda-Cuevas (Incoming Ind. Director)	**N/A**	**N/A**	**N/A**	**X**

h. Appraisals and performance report for the Board and the criteria and procedure for assessment:

The Revised Manual of Corporate Governance of the Company states that the Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders. Currently, the assessment of the Company is being undertaken by the Board during the annual corporate governance seminar. During the annual corporate governance seminar for the year 2020, the Board of Directors reflected on and assessed its general performance.

i. Director disclosures on self-dealing and related party transactions:

Directors' acquisitions and dispositions of IPM shares are disclosed to the SEC by submission of SEC Form 23-A (Initial Statement of Beneficial Ownership of Securities) and SEC Form 23-B (Statement of Changes in Beneficial Ownership of Securities). The beneficial ownership of directors was included in the security ownership of management section of the Definitive Information Statement. Related party transactions can be found in the 'Certain Relationships and Related Transactions" section of the Definitive Information Statement and Note 21 of the Audited Financial Statements.

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **ANA MARIA KATIGBAK,** of legal age, Filipino citizen, and with office address at the 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, Metro Manila, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Assistant Corporate Secretary of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "Corporation"), a Corporation duly organized and existing under the laws of the Philippines, with principal place of business and postal address at Unit 1705, 17th Floor, East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City, Philippines.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.

IN WITNESS WHEREOF, I have affixed my signature this NOV 19 2021 at Makati City, Metro Manila.

ANA MARIA KATIGBAK
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this NOV 19 2021 at Makati City, Philippines, affiant who is personally known to me and whose identity I have confirmed through her Passport No. P7145377B issued on July 7, 2021 at DFA Manila, Philippines, bearing the affiant's photograph and signature.

Doc. No. 34;
Page No. 8;
Book No. XX;
Series of 2021.

DAISY MARGARET V. DUCEPEC
NOTARY PUBLIC
ROLL NO. 70138
MAKATI CITY, PHILIPPINES

NOTARY PUBLIC
DAISY MARGARET V. DUCEPEC
Appointment No. M-29
Notary Public for Makati City
Until December 31, 2021
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 8533738; 01-04-2021; Makati City
IBP No. 141737; 01-04-2021; Makati Chapter
Roll No. 70138

COVER SHEET

1 4 7 5 8 4

SEC Registration Number

PREMIERE HORIZON ALLIANCE CORPORATION

(Company's Full Name)

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

RAUL MA. F. ANONAS

Contact Person

Tel No. 8632-7715

Company Telephone Number

CERTIFICATION OF INDEPENDENT DIRECTOR

1 2	3 1		0 5	
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ELIZABETH CARLOS-TIMBOL,** Filipino, of legal age and a resident of 27-14 Xandrea Lane, Sunset Estates, Brgy Cutcut, Angeles City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") and have been its independent director since November 18, 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Rural Bankers Association of the Philippines	President	2018-2019
Rotary Club of Makati Business District	President	2018-2019
Coconut Industry Investment Fund (CIIF) Oil Mills Group	Director	2017-2018
Overseas Filipino Workers (OFW) DOLE	Consultant	2017-2018
Venture Club of Guagua	Charter President	1992-1993
Rural Bankers Association of the Philippines	National Director & Treasurer	1995-1996
Confederation of Central Luzon Rural Banks	President	1995-1996
Pampanga Federation of Rural Banks	President	1995-1996

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company,

pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this ____________ day of NOV 26 2021, at PASIG CITY.

ELIZABETH CARLOS-TIMBOL
Affiant

SUBSCRIBED AND SWORN to before me this NOV 26 2021 day of ____________ at PASIG CITY, affiant personally appeared before me and exhibited to me his TIN No.116-689-126-000.

Doc. No. 154;
Page No. 32;
Book No. 96;
Series of 2021.

ATTY. FERDINAND D. AYAHAO
Notary Public
Until December 31, 2021
Appointment No. 184 (2020-2021)
For Pasig City, Pateros and San Juan City

COVER SHEET

1	4	7	5	8	4				

SEC Registration Number

PREMIERE HORIZON ALLIANCE
CORPORATION

(Company's Full Name)

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

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

SEC FORM 17-C

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

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

PSE No.
SEC No. 147584
FILE No.

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **FELIPE A. JUDAN,** Filipino, of legal age and a resident of 55 P. Aguirre cor. Sun Flower Sts., Pilar Village, Las Pinas, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") and have been its independent director since December 13, 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Department of Transportation	Undersecretary-Maritime Affairs	2016-2018
Southwest Maritime Group of Companies	COO / Director	1993-2016
Southwest Tankers, Inc.	President	1993-2016
Southwest Gas Corporation	President	1993-2016
Krazy Krepes Philippines, Inc.	President	1993-2016
Golden Albatros Shipping Corporation	President	1993-2016
S.W. United Professional Services, Inc.	President	1993-2016
National Shipping Corporation of the Philippines	President	1987-1994
Interpacific Shipping Corporation	Chairman	1987-1993

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company,

pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this NOV 0 3 2021 day of ________, at PASIG CITY.

FELIPE A. JUDAN
Affiant

SUBSCRIBED AND SWORN to before me this NOV 0 3 2021 day of ________ at PASIG CITY, affiant personally appeared before me and exhibited to me his TIN No.115-307-396-000.

Doc. No. 361;
Page No. 74;
Book No. 86;
Series of 2021.

ATTY. FERDINAND D. AYAHAO
Notary Public
Until December 31, 2021
Appointment No. 134 (2020-2021)
For Pasig City, Pateros and San Juan City
Roll No. [illegible], MCLE VI-0005705; 04-02-19
IBP LRN [illegible], O.R. No. [illegible]; 06-21-2001
TIN 123-011-[illegible], PTR [illegible], 01-06-21; Pasig
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel.+632-86314090

MANAGEMENT REPORT

See attached Audited Financial Statements for year ended December 31, 2020 and Third Quarter Report on SEC Form 17Q for the period ended September 30, 2021

DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRATION AND ITS SUBSIDIARIES

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

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

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

Below are the Parent Company's subsidiaries with its respective percentage ownership in 2020.

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

**Non-operating subsidiaries*

WPP

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.

PGDI

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

GLCI

GLCI is a real estate developer based in Baguio City and develops innovate master planned communities of low to mid rise residential and commercial condominiums including student dormitories.

CUBES

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

DSI

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

(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).

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, a Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. This was further extended until May 15, 2020 for NCR and certain areas. Effective May 16, 2020, NCR and certain areas shifted to modified enhanced community quarantine until May 31, 2020. Effective June 1, 2020, NCR and certain areas shifted to general community quarantine until July 31, 2020, unless earlier lifted or subsequently extended. The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve.

Due to restrictions in travel and other government initiatives, operations of the Group cannot return to normal until the community quarantine is lifted. Since the subsidiaries of the Group, such as WPP and GLCI, are not part of the allowed basic services, operations have been mostly halted. PGDI whose operations is not included in the Luzon lockdown as it is based in Surigao, has started limited operations during the first week of March. PGDI is currently focused on stockpiling ores as the provincial government temporarily banned foreign ships from docking in the province for safety reasons. Internal fund generations through end-user financing and collection were heavily affected by the ECQ because of the halt in processing and closure of the different agencies that process the documents.

Although the COVID-19 pandemic and the resulting ECQ significantly impacted the operations of the Group, current strategic plans and mitigation measures being undertaken will be able to cushion the negative impact. This will allow unhampered operations once the ECQ is lifted, albeit on a slower schedule as compared to the pre-ECQ level. The Group managed to negotiate for payment deferrals and rollover/restructuring of certain existing loans. The Group is currently maturing obligations. New financing arrangements that were being explored prior to ECQ will be delayed until after ECQ and when the current economic situation normalize. Alternative financing solutions are also currently being explored. Management believes that the going concern basis used in the preparation of the financial statements as at and for the year ended December 31, 2019 is appropriate and no adjustments are necessary to be made in relation to the classification and recoverability of the carrying amount of assets or the classification and amount of liabilities.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2021. However, the outbreak could have a material impact on its 2022 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

Status of Operations and Management Plans

The Group reported liquidity gap on currently maturing liabilities amounting to Php1.27 billion. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. The financial position and financial performance of the Group are also expected to significantly impacted by the effect of COVID-19 pandemic subsequent to the end of the financial year, as disclosed to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

g. Reduction and efficient management of operating expenses;
h. Negotiate interest reduction and/or principal payment extensions and deferrals;
i. Secure all the unsecured loans with the assets of the Group;
j. Divest a portion of the Group’s assets and investments to generate cash;
k. Obtain financial support from shareholders and/or officers for gap funding of operations; and
l. Actively seek out partnerships and new investors as a way of generating funds.

Plan of Operations for Year 2021

On January 21,2021, PHA announced that it will be pursuing opportunities in the AgriTech sector through its existing subsidiary, PH Agriforest Inc. PHA aims to leverage on the fintech expertise of its new partners, the principals of SquidPay Technology, Inc., in the use of technology in agriculture, forestry and aquaculture to maximize yields and efficiency. Instead of traditional agriculture practices, PHA will utilize proven Agritech methodologies that focus on comprehensive data collection, analytics and models, and other technological innovatin which seek to achieve faster planting, better harvest, lower production cost and optimized market acceptance of products. The project is envisioned to involve large tracts of land initially focused on food production, rubber and bamboo plantation. As importantly, the Company will also embark on organic fertilized production that will promote sustainable farming in conjunction with the various programs of the Department of Agriculture.

On February 10, 2021, the Company received the third tranche of the equity infusion of Php 100.0 million from the Investor group led by Mr. Marvin Dela Cruz and PHA confirms that 100% of the agreed upon initial cash investment of Php 300.0 million has been completed.

In May 28, 2021 SEC approved PHA’s increase in Authorized Capital Stock (ACS) of Php 936,444,000.00 representing 3,745,776,000 shares to reach 6,000,000,000 shares with a par value of Php 0.25 per share. The Investor group subscribed to 2,540,000,000 partially paid shares In order to own 55% of PHA, post-subscription to the new increase in ACS. The filing of the increase in ACS also included 303,030,304 shares subscribed by the exiting creditors.

For both its real estate subsidiaries, West Palawan Premiere Development Corporation (WPPDC) and Goshen Land Capital Inc. (GLCI), the focus will be in completing the development of its existing projects. For WPPDC, the Company will continue the development of its Nagtabon property and will also be looking into expanding its current projects to include master planning and potential development of its bigger Bacungan property.

For Goshen Land Capital, Inc. (GLCI), the real estate subsidiary of PHA in Northern Luzon, the year 2020 saw a marked improvement in its financial position. From two years of operating losses, the year 2020 was the turnaround year for the Company where it posted a positive Net Income and have reduced its debt obligations by as much as two thirds and positively improving its stockholders' equity. Due to the pandemic and lockdowns in 2020, no new projects were started for GLCI.

But the year 2021 signaled a growth for GLCI as it has also started identifying new projects that will become available post pandemic. It was in the third quarter of 2021 that GLCI launched its 19th building, The Stanford Residences Project, a vertical development with ten floors (six floors up and four basement floors) for a total of 214 residential and commercial units. The project is in New Lucban, Baguio City, a centrally located address walking distance from St. Louis University and Session Road. Sales has been going strong with majority of the units already sold as of this writing.

PHA's mining services subsidiary, Premiere Georesources and Development Inc. (PGDI), will continue to service the mining requirements of Cagdianao Mining Corporation (CMC) in Surigao. The company continues to maintain its existing fleet of heavy equipment and service vehicles. Depending on the incoming tonnage requirements of its client, CMC, PGDI will review its current fleet and if needed, will look into adding more equipment in 2021 as the need arises.

Currently, PHA does not foresee the need to raise additional funds in the next twelve months. Neither does the company foresee any significant changes in the number of its employees. PHA will formulate product research and development plans for the company and its subsidiaries as the need arises.

PHA will continue to be an investment holding company with focus on countryside development. The entry of the new investor group with the additional cash will make it possible to jumpstart a number of these activities, notably the WPPDC Nagtabon project. With subsidiary plans, the new investor group and the potential viable investment in SPT, PHA management is confident that all these will lead to improvement in shareholder value in the next twelve months.

Plan of Operations for Year 2022

SquidPay Technology, Inc.

On November 17, 2021, the Board of Directors of PHA 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.

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 2020, WPPDC will continue on the development of its 5-hectare Nagtabon property

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

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

Goshen Land Capital, Inc. (GLCI)

The year 2022 will mark the turnaround and growth trajectory of Goshen Land Capital, Inc. (GLCI). The Stanford Residences Project which was launched September 2021 will already be in full blast in terms of construction and will be on track towards its planned completion the following year. Stanford has a projected gross revenue of more than Php600 million and is expected to be sold out by the middle of 2022.

GLCI have also identified new potential projects for the Company, both vertical and horizontal, that will be started middle of 2022 and early 2023. Projected revenues from these is around Php1 billion.

GLCI is expected to continue its positive growth and will be largely contributing to PHA in terms of income.

Other Developmental Business Activities/ Subsequent Events.

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

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

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

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

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

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

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

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

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

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

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

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

		December 31		YoY Change
		Audited 2019	Audited 2018	
1	Revenues	423,656,077	480,203,681	(56,547,604)

2	Net Income (Loss)	71,196,838	(374,466,876)	445,663,714
3	Debt -to- Equity Ratio	2.99:1	3.84:1	(0.85)
4	Current Ratio	1.03:1	1.50:1	(0.47)
5	Return on Assets	0.02:1	(0.10):1	0.12

I. Revenues

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

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

II. Net Income

The Group net income in 2019 amounted to Php 71.20 million which is Php 445.66 million or 119.01 % higher than the 2018 Group net loss of 374.47 million.

The Group net loss in 2018 amounted to Php 374.47 million which is Php 413.63 million or 1 ,056.16% lower than the 2017 Group net income of 39.16 million.

III. Debt to Equity Ratio

The Group debt to equity ratio in 2019, 2018, and 2017 amounted to 2.99:1, 3.84:1, and 3.09:1, respectively.

IV. Current Ratio

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

V. Return on Assets (ROA)

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

Results of Operations for the last three (3) years

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

2020

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

- The Group mining service revenue in 2020 and 2019 amounted to Php241.74 million and Php340.17 million, respectively, which shows a decrease of Php98.43 million or 28.94%. Tonnages from mining, barging, and ore transferring significantly decreased in 2020 due to the restrictions imposed to combat COVID-19.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The Group supplies and materials in 2019 and 2018 amounted to Php 1.19 million and Php 1.61 million, respectively, which shows a decrease of Php 0.42 million or 26.10%. The decrease came from the lower supplies and materials requirement of the Group. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

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

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

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

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

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

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

2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL POSITION

2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Installment payable as of December 31, 2020 and 2019 amounted to Php17.06 million and Php75.46 million, respectively, which shows a decrease of Php 58.40 million or 77.40%. The decrease came from payments made in 2020. Current portion of installment payable as of

December 31, 2020 and 2019 amounted to Php17.06 million and Php58.40 million, respectively. Noncurrent portion of Installment payable as of December 31, 2020 and 2019 amounted to -nil- and Php17.06 million, respectively.

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

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

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

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

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

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

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

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

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

- Trade and other payables as of December 31, 2019 and 2018 amounted to Php 630.50 million and Php 806.56 million, respectively, which shows a decrease of Php 176.06 million or

21.83%. 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 204.00 million and Php 243.90 million, respectively, which shows a decrease of Php 39.90 million or 16.36%. 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 444.53 million and Php 465.43 million, respectively, which shows a decrease of Php 20.89 million or 4.49%. The decrease came from the payments made in 2019. Current portion of Convertible loans as of December 31, 2019 and 2018 amounted to Php 112.50 million and nil, respectively. Noncurrent portion of Convertible loans as of December 31, 2019 and 2018 amounted to Php 332.03 million and Php 465.43 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 47.20 million and Php nil, respectively. The balance came from the reclassification made in 2019.

- Advances from Officers and employees as of December 31, 2019 and 2018 amounted to Php 62.28 million and Php nil, respectively. The balance came from the reclassification made in 2019.

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

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

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

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

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

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

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

2018

The Company's total assets as of December 31, 2018 and 2017 amounted to Php 3,777.93 million and Php 4,096.55 million, respectively, which shows a decrease of Php 318.62 million or 7.78%. The Company's total liabilities as of December 31, 2018 and 2017 amounted to Php 2,997.28 million and Php 3,094.38 million, respectively, which shows a decrease of Php 97.10 million or 3.14%. The Company's equity attributable to parent as of December 31, 2018 and 2017 amounted to Php 277.87

million and Php 591.84 million, respectively, which shows a decrease of Php 313.97 million or 53.05%. The Company's equity attributable to non-controlling interests as of December 31, 2018 and 2017 amounted to Php 502.77 million and Php 410.33 million, respectively, which shows an increase of Php 92.44 million or 22.53%.

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

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

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

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

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

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

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

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

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

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

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

- Trade and other payables as of December 31, 2018 and 2017 amounted to Php 806.56 million and Php 907.37 million, respectively, which shows a decrease of Php 100.81 million or 11.11%. The net decrease primarily came from the additional advances from shareholder and customer's deposit and advances, and the payments of trade payables and advances from third parties.

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

- Short-term loans as of December 31, 2018 and 2017 amounted to Php 243.90 million and Php 209.10 million, respectively, which shows an increase of Php 34.80 million or 16.64%. The increase primarily came from the additional short-term loans availed by the Group.

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

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

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

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

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

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

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

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

- Convertible loans as of December 31, 2018 and 2017 amounted to Php 465.43 million and Php 522.92 million, respectively, which shows a decrease of Php 57.50 million or 11.00%. The decrease primarily came from the payments made during the year.

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

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

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

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

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

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company and its subsidiaries use the following key performance indicators: 1**)** **revenues**; 2) **gross profit / loss**; 3) **gross profit ratio** (computed as gross profit divided by the gross revenues); 4) **net income / loss;** 5) **net profit ratio** (computed as net profit divided by the gross revenues); 6) **net profit attributable to parent**; 7)**12 months trailing net income (loss)** (computed as year to date net income (loss) plus net income of the latest annual income minus the previous year to date net income (loss); 8)**12 months trailing net income (loss) per share** (computed as 12 months trailing net income (loss) divided by weighted average number of shares);9) **debt-to-equity ratio** (computed as total liabilities divided by total Stockholders' Equity); 10) **current ratio** (computed as total current assets divided by total current liabilities); 11) **debt ratio** (computed as total liabilities divided by total assets); and 12) **return on investment** (computed as net income divided by investment).

		September 30, 2021	**September 30, 2020**	**Inc/(Dec)**
1.	Revenues	Php266,392	Php306,407	(40,015)
2.	Gross Profit / Loss	Php71,291	Php107,432	(36,141)
3.	Gross Profit/Loss Ratio	26.76%	35.06%	(8.30%)
4.	Net Profit / Loss	Php(76,233)	Php(109,916)	33,683

5.	Net Profit / Loss Ratio	(28.62%)	(35.87%)	7.25%
6.	Net Profit / Loss attributable to Parent	Php(66,802)	Php(103,305)	36,503
7.	12 months trailing net income (loss)	Php143,724	Php195,985	(52,261)
8.	Trailing 12months earnings(loss) per share basic	0.03	0.10	(0.07)
		September 30, 2021	**December 31, 2020**	**Inc/(Dec)**
9.	Debt -to- Equity Ratio	1.59:1	2.21:1	(0.62)
10.	Current Ratio	0.83:1	0.76:1	0.07
11.	Debt Ratio	0.61:1	0.69:1	(0.08)
12.	Return on Assets	(0.02:1)	0.03:1	(0.05)

During the nine-month period ended September 30, 2021 the Group generated gross revenues of Php266,392 thousand broken down into Php109,910 thousand from real estate sales and Php156,481 thousand from mining related services.

. Gross profit in the nine-month period ended September 30, 2021 and 2020 amounted to Php71,291 thousand and Php107,432 thousand, respectively, which shows a decrease of Php36,141 thousand or 8%.

The Group's net loss attributable to the equity holder of the parent in the nine-month period ended September 30, 2021and 2020 amounted to Php66,802 thousand and Php103,305 thousand, respectively, which shows a decrease of Php36,503 thousand or 35%.

The Group's 12 months trailing net income(loss) in the nine-month period ended September 30, 2021and 2020 amounted to Php143,724 thousand and Php195,985 thousand, respectively, which shows a decrease of Php52,261 thousand or 27%.

The Group's trailing net income (loss) per share in the nine-month period ended September 30, 2021 and 2020 amounted to 0.03 and 0.10, respectively, which shows a decrease of 0.07.

The Debt-to-Equity Ratio is 1.59:1 and 2:21:1 in the 3rd quarter of 2021 and December 31, 2020, respectively.

The Current Ratio is 0.83:1 and 0.76:1 in the 3rd quarter of 2021 and December 31, 2020, respectively.

The Debt Ratio is 0.61:1 and 0.69:1 in the 3rd quarter of 2021 and December 31, 2020, respectively.

The Return on Assets is -0.02:1 and 0.03:1 in the 3rd quarter of 2021 and December 31, 2020, respectively.

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

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

The following are the causes for the material changes, i.e. those amounting five percent (5%) of the relevant accounts or such lower amount, between this period versus the previous, on a vertical and horizontal basis of analyses:

Financial Position

- ***Cash –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php67,355 thousand and Php124,523 thousand, respectively, which shows a decrease of Php57,168 thousand or 46%. Cash used in operating activities amounted to Php124,098 thousand; cash provided by Investing activities amounted to Php570 thousand; while cash provided by financing activities amounted to Php66,360 thousand. The said cash flows represent the net decrease during the reporting period.

- ***Contract Assets –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php197,609 thousand and Php316,494 thousand, respectively, which shows a decrease of Php118,885 thousand or 38%. The decrease primarily came from collections during the reporting period. Current portion of this account as of September 30, 2021 amounted to Php131,664 thousand. Noncurrent portion of this account as of September 30, 2021 amounted to Php65,945.

- ***Receivables, net –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php83,075 thousand and Php66,624 thousand, respectively, which shows an increase of Php16,451 thousand or 25%. The increase primarily came from the additional receivables during the reporting period.

- ***Other assets –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php235,987 thousand and Php200,392 thousand, respectively, which shows an increase of Php35,595 thousand or 18%. The net increase primarily came from the additional advances received during the reporting period. Current portion of this account as of September 30, 2021 amounted to Php223, 867 thousand. Noncurrent portion of this account as of September 30, 2021 amounted to Php12,120 thousand.

- ***Property and equipment, net –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php168, 744 thousand and Php231, 178 thousand, respectively, which shows a decrease of Php62, 434 thousand or 27%. The decrease primarily came from depreciation expenses.

- **Other non-current assets –** As of September 30, 2021 and December 31, 2020, this account amounted to Php12,120 thousand and Php13,809 thousand, respectively, which shows a decrease of Php1,689 or 12% due to reclassification of non-current input tax to current assets.

- **Trade and other payables –** As of September 30, 2021 and December 31, 2020, this account amounted to Php608,843 and Php748,927 thousand, respectively which shows a decrease of Php140,084 or 19%. The decrease primarily came from payments made during the reporting period.

- **Contract Liabilities- –** As of September 30, 2021 and December 31, 2020, this account amounted to Php13,951 thousand and Php7,820 thousand respectively which shows an increase of Php6,131 or 78%. The Increase primarily came from the additional advances and buyers deposit during the 3rd quarter of 2021.

- **Short-term debt-** As of September 30, 2021 and December 31, 2020, this account amounted to Php159,552 and Php225,963 thousand, respectively which shows a decrease of Php66,410 or 29%. The decrease primarily came from debt payments made during the reporting period.

- **Purchased land payable**- As of September 30, 2021 and December 31, 2020, this account amounted to Php5,678 thousand and Php18,103 thousand, respectively which shows a decrease of Php12,425 thousand or 69%. The decrease primarily came from payments made during the reporting period.

- ***Loans payable* –** As of September 30, 2021 and December 31, 2020, this account amounted to Php278,352 thousand and Php351,365 thousand, respectively, which shows a decrease of Php73,013 thousand or 21%. The decrease primarily came from the payment of loans during the reporting period. Current portion of this account as of September 30, 2021 amounted to Php238, 354 thousand. Noncurrent portion of this account as of September 30, 2021 amounted to Php39, 998.

- ***Obligations under finance lease* –** As of September 30, 2021 and December 31, 2020, this account amounted to Php175 thousand and Php528 thousand, respectively, which shows a decrease of Php353 thousand or 67%. The decrease primarily came from payments made during the reporting period.

- **Convertible loans –** As of September 30, 2021 and December 31, 2020, this account amounted to Php100,000 thousand and Php495,006 thousand respectively, which shows a decrease of Php395,006 or 80%. The decrease primarily came from the conversion of convertible notes to shares at seventy (Php0.70) cents per share. This is pending confirmation from SEC.

- ***Deposit for future stock subscription* –** As of September 30, 2021, and December 31, 2020, this account amounted to Php408,249 and Php113,000 thousand, respectively, which shows an increase of Php295,249 thousand or 261%. The increase primarily came from convertible notes conversion to equity that is pending confirmation from SEC.

Performance

- ***Revenues -*** The Group's revenues in the nine-month period ended September 30, 2021 and 2020 amounted to Php266,392 thousand and Php306,407 thousand, respectively, which shows a decrease of Php40,015 thousand or 13%.

  Revenue from real estate sales amounted to Php109,910 thousand and Php73,457 thousand, respectively, which shows an increase of Php36,453 thousand or 50%. The increase came from recognition of new real estate sales.

  Revenue from the mining related services in the nine-month period ended September 30, 2021 and 2020 amounted to Php156,481 thousand and Php232,950 thousand, respectively, which shows a decrease of Php76,469 thousand or 33%. The decrease came from slowdown and disruptions in operations due to COVID19 restrictions.

- ***Cost of real estate sold –*** The Group's cost of real estate sold in the nine-month period ended September 30, 2021 and 2020 amounted to Php58,046 thousand and Php42,328 thousand, respectively, which shows an increase of Php15,718 thousand or 37%. The costs of real estate sold increased due to the new sales recognized during the reporting period.

- ***Cost of services –*** The Group's cost of services in the nine-month period ended September 30, 2021 and 2020 amounted to Php137,055 thousand and Php156,647 thousand, respectively, which shows a decrease of Php19,592 thousand or 13%. The Cost of services decreased due to the lower direct operating costs incurred in the reporting period.

- ***Professional and legal fees –*** The Group's professional and legal fees in the nine-month period ended September 30, 2021 and 2020 amounted to Php24,041 thousand and Php22,755 thousand, respectively, which shows an increase of Php1,286 thousand or 6%. The increase primarily came from the higher fees and increase in services rendered by professionals in the reporting period.

- ***Advertising –*** The Group's advertising expenses in the nine-month period ended September 30, 2021 and 2020 amounted to Php5,804 thousand and Php11,616 thousand, respectively, which shows a decrease of Php5,812 thousand or 50%. The decrease primarily came from the lower advertising required by operations in the reporting period.

- ***Depreciation and amortization –*** The Group's depreciation and amortization in the nine-month period ended September 30, 2021and 2020 amounted to Php3,970 thousand and Php5,824 thousand, respectively, which shows a decrease of Php1,854 thousand or 32%. The decrease primarily came from the lower balance of depreciable assets in the reporting period.

- **Rent, Utilities and Supplies** – The group's rent, utilities and supplies expense in the nine-month period ended September 30, 2021 and 2020 amounted to Php4,913 thousand and Php3,938 thousand respectively, which shows an increase of Php975 thousand or 25%. The increase primarily came from the higher rent and COVID related supplies.

- **Transportation and Travel**– The group's transportation and travel expense amounted to Php5,737 thousand and Php4,582 thousand in the nine-month period ended September 30, 2021and 2020 respectively, which shows an increase of Php1,155 thousand or 25%. The increase primarily came from the higher transportation expenses in the reporting period.

- **Entertainment, amusement and recreation –** The group's entertainment, amusement and recreation expense in the nine-month period ended September 30, 2021 and 2020 amounted Php8,487 thousand and Php7,695 thousand respectively, which shows an increase of Php792 or 10%. The increase primarily came from the higher entertainment, amusement and creation expense in the reporting period.

- ***Repairs and maintenance*** – The Group's repairs and maintenance expense in the nine-month period ended September 30, 2021 and 2020 amounted to Php 3,677 thousand and Php2,934 thousand respectively, which shows an increase of Php743 thousand or 25%. The increase primarily came from the higher repairs and maintenance of the equipment in the reporting period.

- **Other income - net –** The Group's other income -net in the nine-month period ended September 30, 2021and 2020 amounted to Php17,434 thousand and Php9,342 thousand, respectively, which shows an increase of Php8,092 thousand or 87%. The increase primarily came from additional other income in the reporting period.

- ***Interest Expense* –** The Group's interest expense in the nine-month period ended September 30, 2021and 2020 amounted to Php59,770 thousand and Php103,557 thousand respectively, which shows a decrease of Php43,787 or 42%. The decrease primarily came from the lower balance of interest-bearing debts in the reporting period.

- ***Provision for income tax (benefit)* –**The Group's provision for income tax (benefit) in the nine-month period ended September 30, 2021 and 2020 amounted to Nil and Php12,724 thousand, respectively. Which shows a decrease of Php12, 724 or 100%.

For assessing impairment of goodwill, a test of impairment is performed annually or when circumstances indicate that the carrying value may be impaired.

Corona Virus Disease (COVID-19) Outbreak

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. This was further extended until May 15, 2020 for NCR and certain areas. Effective May 16, 2020, NCR and certain areas shifted to modified enhanced community quarantine until May 31, 2020. Effective June 1, 2020, NCR and certain areas shifted to general community quarantine until July 31, 2020, unless earlier lifted or subsequently extended. The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve.

Due to restrictions in travel and other government initiatives, operations of the Group cannot return to normal until the community quarantine is lifted. Since the subsidiaries of the Group, such as WPP and GLCI, are not part of the allowed basic services, operations have been mostly halted. PGDI, whose operations is not included in the Luzon lockdown as it is based in Surigao, has started limited operations during the first week of March. PGDI is currently focused on stockpiling ores as the provincial government temporarily banned foreign ships from docking in the province for safety reasons. Internal fund generation through end-user financing and collection were heavily affected by the ECQ because of the halt in processing and closure of the different agencies that process the documents.

Although the COVID-19 pandemic and the resulting ECQ significantly impacted the operations of the Group, current strategic plans and mitigation measures being undertaken will be able to cushion the negative impact. These will allow unhampered operations once the ECQ is lifted, albeit on a slower schedule as compared to the pre-ECQ level. The Group managed to negotiate for payment

Deferrals and rollover/restructuring of certain existing loans. The Group is currently in the process of negotiating for further deferral of payments and restructuring for the other currently maturing obligations. New financing arrangements that were being explored prior to ECQ will be delayed until after ECQ and when the current economic situation normalize. Alternative financing solutions are also currently being explored.

Item 3. No relevant disclosure covered by this Item was made since there is no event that triggered any direct or contingent financial obligation that is material to the company.

Likewise, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons was created during the reported period.

Financial Statements

The Company's consolidated Financial Statements are duly filed as part of this Annual Report. The SEC Form 17-Q for the quarterly period ended September 30, 2021.

(B) Information on Independent Auditor and Other Related Matters

(1) External Auditor's Fees and Services

a) Audit Fees

The Company has engaged SGV & Co. as its external auditor for the last six (6) fiscal years. SGV & Co. has conducted the financial audit of the group including the parent company and its various operating subsidiaries. For this service, the total billing of SGV & Co. (VAT exclusive) were **Php 2,304,500.00, Php 2,095,000.00 and Php1,770,000.00, for 2019, 2018, and 2017, respectively.**

b) Tax Fees

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

c) All Other Fees

Aside from the audit fees disclosed under letter (a) above, the Company has not engaged any other services or products of SGV & Co. for the last five (5) fiscal years.

d) Audit Committee's Approval Policies and Procedures

- Review the financial reporting and disclosures
- Ensure accounting policies and principles are adhered to
- Review the internal control process used
- Ensure regulatory requirements have been complied with

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

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

(C) Market Information

(1) Market Price and Dividends

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol "PHA". The Company's closing price as of November 26, 2021, was Php 0.72.

The following table indicates the quarterly high and low sale price of the Company's common shares as reported on the PSE for the years 2018 to 2021 (3rd Quarter).

	HIGH						LOW			
	2021	**2020**	**2019**	**2018**			**2021**	**2020**	**2019**	**2018**
1st Quarter	2.08	0.203	1.06	0.3700		1st Quarter	2.03	0.195	1	0.3400
2nd Quarter	1.69	0.205	0.85	0.36		2nd Quarter	1.64	0.199	0.82	0.325
3rd Quarter	0.96	0.233	0.56	0.39		3rd Quarter	0.92	0.226	0.51	0.375
4th Quarter	Quarter not yet complete	1.13	0.355	0.33		4th Quarter	Quarter not yet complete	0.97	0.335	0.32

As of October 31, 2021 there were 130 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:

Stock Transfer Service Inc.
PREMIERE HORIZON ALLIANCE CORPORATION, INC.
List of Top 20 Stockholders
As of 11/03/2021

Page No.

Rank	Name	Holdings	Rank
1	PCD NOMINEE CORPORATION	1,997,045,840	39.18%
2	MARVIN DELA CRUZ	1,389,802,253	27.27%
3	PCD NOMINEE CORPORATION - (NON-FILIPINO)	214,192,703	04.20%
4	ENRICO ALFONSO TAMAYO	200,826,447	03.94%
5	HARRISON YAP	200,826,446	03.94%
6	ROGELIO DE RAMA	200,826,446	03.94%
7	AUGUSTO ANTONIO C. SERAFICA, JR.	200,000,000	03.92%
8	RAISSA ABAINZA QUERI	191,735,537	03.76%
9	KENNETH SEE	101,930,830	02.00%
10	MARIAN PENA	70,000,000	01.37%
11	CHRISTINA PENA LEONG	69,734,519	01.37%
12	RAUL MA. F. ANONAS	37,272,728	00.73%
13	S CAPITAL CORP.	36,000,000	00.71%
14	AUGUSTO M. COSIO, JR.	33,976,943	00.67%
15	ROBERTO B. ORTIZ	33,976,943	00.67%
16	CHARMAINE N. COBANKIAT	25,757,575	00.51%
17	KATHRYN YU CHENG SEE	25,303,030	00.50%
18	ANDRES A. DEL ROSARIO	25,303,030	00.50%
19	LESLIE SZE TAN	20,000,000	00.39%
20	PAUL DAVID P. JAMLANG	15,151,516	00.30%
	Total Top 20 Shareholders :	5,089,662,786	99.86%
	Total Issued Shares	5,096,541,496	

(3) Dividends

PHA has declared a 22.1 % property dividend of it Redstone Construction and Development Corp. (RCDC) to stockholders of record May 15, 2018 equivalent of 268 million shares at the new par value of Php 0.10 per share 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 applicable taxes. The dividend will come from the unrestricted retained earning as of December 31, 2017. The property dividend ratio will be at 1,346 shares of RCDC for every 10,000 PHA shares.

On December 18, 2013, the Board of Directors of DSI approved the declaration of a total of Php78.0 million as stock dividend from its un-appropriated retained earnings. Payment is subject to approval by the Securities and Exchange Commission of the increase in authorized capital stock.

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

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 Php0.30 per share or at Php0.05 above par value. The three (3) subscribing directors are: Mr. Augusto Antonio C. 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.

On October 29, 2020, certain shareholders of Squidpay Technology, Inc. subscribed to 263,636,364 shares of PHA at a subscription price of Php 0.33 per share, payable in cash, thereby increasing the Company's outstanding capital stock from 1,990,480,889 to 2,254,117,253. There was no offer of shares or underwriting services.

On May 28, 2021, the Securities and Exchange Commission ("SEC") approved the Company's increase in authorized capital stock from Php563,556,000.00 divided into 2,254,224,000 common shares with par value of Php0.25 each share, to Php1,500,000,000.00 divided into 6,000,000,000 common shares with a par value of Php0.25 per share, and the corresponding amendment to the Seventh Article of the Company's Amended Articles of Incorporation. The SEC also approved the subscriptions out of the increase in authorized capital stock of a total of 2,842,424,243 new common shares with an aggregate par value of Php 710,606,060.75, at a subscription price of Php 0.33 per share or total subscription price of Php 939,000,000.19 paid in cash. Following the issuance of the new 2,842,424,243 new common shares, the Company's total outstanding shares are 5,096,541,488 common shares. There was no offer of shares or underwriting services.

(5) Interim Financial Statement

The interim financial statement as of September 30, 2020 is incorporated in the 17-Q report.

D. CORPORATE GOVERNANCE

Premiere Horizon Alliance Corporation (PHA) recognizes the need to ensure that the Company is directed, supervised, and supported with accountability, impartiality and transparency.

The Board of Directors and the Management of PHA also recognizes good corporate governance as essential in performing its obligations to the company's stockholders. To this end, PHA aims to strengthen its corporate governance to accomplish the corporate goals along with its guarantee to increase stockholder value.

PHA Corporate Governance Manual

The original Manual of Corporate Governance was adopted on July 1, 2002. Pursuant to SEC Memorandum No. 6, the Company revised its Manual of Corporate Governance on September 16, 2009. The Company accomplished and submitted its Corporate Governance Scorecard Survey for Publicly Listed Companies. In compliance, the Board of Directors and Key Management officers of the Corporation have attended Corporate Governance seminars and will continue to do so on an annual basis.

To measure the extent of compliance with the Manual, the Company conducted self-assessment and submitted its first Governance Self Rating, which reported no significant deviation, to SEC and PSE on July 25, 2003. The Company conducted a self-assessment in 2011 when it participated in the Corporate Governance Scorecard for Publicly Listed Companies, which was administered by the Institute of Corporate Directors, SEC and PSE. The Scorecard was submitted on November 25, 2011. Additionally, the Company submitted its Corporate Governance Guidelines Disclosure Survey on March 28, 2012 to the PSE. It has continued to accomplish and submit the same disclosure template survey every year.

In December 22, 2020, 7 Directors and 8 Key Officers of the Company attended a Corporate Governance Training conducted by ROAM Inc.

The Company has also established an evaluation system to measure or determine the level of compliance of the Board of Directors and top level management with its Revised Manual of Corporate Governance ("Manual") that included the continuous monitoring of the Board members' attendance in its board meetings and various committee meetings. The Certification on the Attendance of the individual members of the Board of Directors is submitted annually to the SEC and the PSE. Moreover, the attendance and participation of the members of the Board of Directors and the senior management of the Company in seminars and trainings on Corporate Governance are also monitored and submitted to the SEC and PSE.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of sound strategic business management and will therefore undertake every effort necessary to continuously create awareness within the organization.

Board Committees

To further comply with the leading practices on good Corporate Governance, the Company, through its Board of Directors, adopted and approved its Charters of the Audit Committee, Nominations Committee and Compensation Committee. During the special meeting of the board of directors on February 6, 2018, the Audit Committee was renamed as the Audit and Risk Oversight Committee, while the Nominations and Compensation Committees have been joined together and renamed as the Corporate Governance Committee. The establishment of the Related Party Transactions Committee was also approved on even date

The Corporate Governance Committee was constituted to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed under existing SEC rules and the Company's Code of Corporate Governance; to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a final list of candidates; to establish a formal and transparent procedure for developing a policy on executive remuneration, and for fixing the remuneration packages of corporate officers and directors.

Executive Committee

Chairman:	Brandon P. Leong
Vice Chairman:	Augusto Antonio C. Serafica, Jr.
Members:	Augusto M. Cosio, Jr.
	George Edwin Y. Sycip
	Roberto B. Ortiz
	Raul Ma. F. Anonas

Audit and Risk Oversight Committee

Chairman:	Felipe A. Judan (Independent Director)
Members:	Roberto B. Ortiz
	Eugene T. Tan

Corporate Governance Committee

Chairman:	Elisa May Arboleda - Cuevas (Independent Director)
Members:	Felipe A. Judan (Independent Director)
	Augusto M. Cosio, Jr.

Related Party Transactions Committee

Chairman:	Felipe A. Judan (Independent Director)
Members:	Eugene T. Tan
	Augusto M. Cosio, Jr.
	George Edwin Y. Sycip

Code of Business Conduct and Ethics

The Company has also adopted a Code of Ethics last September 16, 2009. Under this Code, the Board of Directors, officers, management and staff committed themselves to conduct business in accordance with the highest ethical standards and shall discharge their duties with utmost responsibility, integrity, transparency, competence, loyalty and will uphold corporate interest over personal gains.

Corporate Social Responsibility

Premiere Leadership and Countryside Engagement Series (PLACE)

Premiere Horizon Alliance Corporation will be working with different partners in the fulfillment of its commitment to invigorate the countryside and improve the leadership potential of micro and small entrepreneurs to make them more competitive in the ASEAN Economic Community integration beginning 2015.

Premiere Horizon Alliance Corporation will sponsor and hold leadership training modules to SME entrepreneurs thereby raising the capacity for leading and sustaining change in the countryside.

The scope of the PLACE Program is nationwide and will be done on a quarterly basis.

Film Legacy Project

Premiere Horizon has ownership of thousands of original films, it will institute a Film Legacy Project in partnership with the National Library and different private museums. Film showing projects will also be done in schools.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 4 7 5 8 4

COMPANY NAME

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

Premiere Horizon
Invigorating the Countryside

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Premiere Horizon Alliance Corporation (the Group)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2020 and 2019 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

AUGUSTO M. COSIO JR.
Chairman of the Board

AUGUSTO ANTONIO C. SERAFICA JR.
President & CEO

ROBERTO B. ORTIZ
Group Chief Financial Officer

MAY 2 8 2021

Signed this 27th day of May 2021

252
52
CCCLIV
21

EDWIN C. CONDAYA
NOTARY PUBLIC
PASIG, PATEROS & SAN JUAN
EXTENDED UP TO JUNE 30, 2021
IBP NO. 0560331/APP. NO. 54 2019-2020
2ND FLOOR, ARMAL BLDG., URBANO
VELASCO AVE., MALINAO, PASIG CITY

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Key Audit Matters

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

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

Real Estate Revenue Recognition

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

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

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

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

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

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

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

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

Audit Response

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

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

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

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

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

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

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

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

Audit Response

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

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

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

Recoverability of Deferred Exploration Costs

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

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

Audit Response

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

Valuation of Investment Properties at Fair Value

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

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

Audit Response

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

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

May 27, 2021

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Status of Operations and Management Plans

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

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

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

Authorization for the Issuance of the Financial Statements

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

2. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Non-operating subsidiaries*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2021

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

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

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

  The Group shall also disclose information about:

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

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

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

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

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

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

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

Effective beginning on or after January 1, 2023

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

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

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

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

- PFRS 17, *Insurance Contracts*

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

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

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

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

Deferred effectivity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. The Auditor's report will:

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

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

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

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

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

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

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

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

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

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

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

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

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

An asset is current when it is:

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

A liability is current when:

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

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

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

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

a. Financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cost includes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment Properties

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

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

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

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

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

Intangible Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Acquisition

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

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

Borrowing Costs

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

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

Impairment of Nonfinancial Assets

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

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

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

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

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

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

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

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

Equity

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

Capital stock

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

Subscriptions receivable

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

Additional paid-in capital

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

Dividends on common shares

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

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

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

Retained earnings (Deficit)

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

Parent Company shares held by a subsidiary

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

Revenue from Contracts with Customers

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

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

Real estate

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial information on business segments is presented in Note 32.

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

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

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

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

3. Significant Accounting Judgments and Use of Estimates

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

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

Judgments

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

Going concern assessment

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

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

Real estate revenue recognition

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

a) *Existence of a contract*

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

Equity threshold

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

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

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

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

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

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

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

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

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

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

The Group considers each property separately in making its judgment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**excluding receivable from PAGCOR and security deposits*

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the fair value less cost to sell and the value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect film rights, exclusive distribution right, and property and equipment.

In May 2017, due to operational issues, CUBES operation was discontinued and was put on hold. As of December 31, 2020, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers. Accordingly, management has fully impaired its exclusive distribution right in 2018 (see Note 11).

In 2019, CUBES fully impaired its property and equipment with a net book value of ₱22.60 million (see Note 10).

Pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected employee benefit pay out as at end of the reporting periods. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the Philippines.

As of December 31, 2020, and 2019, pension liabilities amounted to ₱34.02 million and ₱26.00 million, respectively. Remeasurement loss in defined benefit obligation recognized in other comprehensive income amounted to ₱2.31 million and ₱8.44 million in 2020 and 2019, respectively, while remeasurement gain in defined benefit obligation recognized in other comprehensive income amounted to ₱2.36 million in 2018. Pension costs reported in profit or loss amounted to ₱5.98 million, ₱3.17 million and ₱3.04 million in 2020, 2019 and 2018, respectively (see Note 22).

Deferred tax assets
The Group reviews the carrying amounts of its deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income. As at December 31, 2020 and 2019, deferred tax assets recognized in the consolidated statements of financial position amounted to ₱35.68 million and ₱31.60 million, respectively (see Note 27).

As of December 31, 2020 and 2019, no deferred tax assets were recognized for NOLCO and other deductible temporary differences (see Note 27).

4. Cash

	2020	2019
Cash on hand	**₱984,831**	₱2,730,653
Cash in banks	**123,538,336**	78,831,776
	₱124,523,167	₱81,562,429

Cash in banks earn interest at the prevailing bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.06 million, ₱0.11 million and ₱0.12 million in 2020, 2019 and 2018, respectively.

5. Receivables

	2020	2019
Advances to officers and employees (Note 21)	**₱50,468,382**	₱71,466,610
Contract receivables	**26,569,360**	36,430,270
Trade receivables	**13,968,583**	9,987,758
Others	**6,934,538**	950,509
	97,940,863	118,835,147
Less allowance for impairment losses	**31,316,750**	34,262,147
	₱66,624,113	₱84,573,000

Advances to officers and employees
Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are liquidated 30 days from the date the cash advances are made.

Contract receivables
Contract receivables arise from sale of real estate properties. These receivables are collectible in monthly installment over a period of 1 to 10 years and bear annual effective interest rates ranging from 8.00% to 16.00%. Titles to real estate properties are not transferred to the buyers until full payment is made. Interest income from contracts receivable amounted to ₱3.27 million, ₱6.18 million and ₱4.55 million in 2020, 2019 and 2018, respectively. Income from forfeited deposits and penalties on contracts receivable included in "Other income (charges)" amounted to nil, ₱20.11 million and ₱9.71 million in 2020, 2019 and 2018, respectively.

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

	2020	2019
Due within one year	**₱250,548,433**	₱618,362,122
Due after one year	**65,945,420**	55,066,445
	₱316,493,853	₱673,428,567

Contract receivables and contract assets with a total amount of ₱52.33 million and ₱111.41 million as of December 31, 2020 and 2019, respectively, were assigned with recourse to banks and other non-bank financing institutions. These receivables were not derecognized as the Group retains substantially all risks and rewards of ownership of the receivables (see Note 15).

Movement in the allowance for impairment losses on contract receivables and contract assets follows:

	2020	2019
Balances at beginning of year	**₱23,681,600**	₱41,758,207
Recovery of impairment losses	**–**	(18,076,607)
Balances at end of year	**₱23,681,600**	₱23,681,600

Trade receivables
Trade receivables, net of allowance for impairment, include short-term and noninterest-bearing receivable arising from hauling services operations. Credit terms for trade receivables are 30 to 60 days.

Movement in the allowance for impairment losses on trade receivables follows:

	2020	2019
Balances at beginning of year	**₱4,733,046**	₱10,154,843
Recovery of impairment losses	**(2,945,397)**	(5,421,797)
Balances at end of year	**₱1,787,649**	₱4,733,046

In 2020, trade receivables without allowance for impairment loss amounting to ₱5.11 million (nil in 2019) were directly written off by the Group (see Note 26).

Other receivables
Other receivables pertain to advances for liquidation that are noninterest bearing and are due within one year. Allowance for impairment losses on advances and other receivables amounted to ₱5.85 million as of December 31, 2020 and 2019, respectively.

6. Real Estate Held for Sale

	2020	2019
Real estate under development and subdivided lots held for sale	**₱647,308,408**	₱841,131,708
Land and land development	**184,425,751**	184,425,751
	₱831,734,159	₱1,025,557,459

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

	2020	2019
Balances at beginning of year	**₱841,131,708**	₱997,009,865
Construction development costs incurred	**107,440,075**	68,002,382
Cost of real estate sales	**(301,263,375)**	(99,493,674)
Other adjustments	**–**	(124,386,865)
Balances at end of year	**₱647,308,408**	₱841,131,708

Other adjustments mainly pertain to cancellation of a certain real estate project of the Group.

Real estate under development and subdivided lots held for sale include on-going residential projects of the Group. The estimated cost to complete the projects amounted to ₱7.32 million and ₱587.84 million as of December 31, 2020 and 2019, respectively.

A summary of the movement in land and land development is set out below:

	2020	2019
Balances at beginning of year	**₱184,425,751**	₱609,434,277
Reclassification to investment properties (Note 9)	**–**	(425,008,526)
Balances at end of year	**₱184,425,751**	₱184,425,751

In 2019, the Group changed its intention over the use of its various properties from properties held for sale to properties held for capital appreciation. As a result, the Group reclassified these properties with total carrying amount of ₱425.01 million from real estate held for sale to investment properties (see Notes 3 and 9). These constitute significant noncash transactions in the 2019 consolidated statement of cash flows.

The Group is committed to pay the outstanding balance of purchased land payable, which pertains to land acquisitions, amounting to ₱18.10 million and ₱49.36 million as of December 31, 2020 and 2019, respectively. There are no other purchase commitments as of December 31, 2020.

As of December 31, 2020, and 2019, certain lots and units with carrying value of ₱52.68 million and ₱117.41 million, respectively, are held as collateral for the Group's bank loans (see Note 15).

7. Other Current Assets

	2020	2019
Tax credits	**₱79,424,715**	₱53,929,151
Advances to suppliers and contractors	**71,270,841**	15,873,618
Input VAT - net of allowance for impairment losses	**31,775,366**	56,188,237
Supplies inventory	**1,329,550**	2,830,088
Prepayments	**545,972**	1,944,672
Security deposits	**852,022**	–
Others	**1,384,422**	3,538,085
	₱186,582,888	₱134,303,851

Tax credits
Tax credits to ₱79.42 million and ₱53.93 million as of December 31, 2020 and 2019, respectively, are available for offset against income tax payable in future periods.

Advances to suppliers and contractors
Advances to suppliers and contractors represent down payments for development and construction contracts. The initial down payments will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the suppliers and contractors.

Impairment loss on advances to suppliers and contractors recognized in the consolidated statements of comprehensive income amounted to ₱1.26 million, ₱35.87 million and ₱15.06 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 26). The Group impaired advances to suppliers and contractors without existing allowance amounting to ₱1.26 million in 2020 (nil in 2019 and 2018). Allowance for impairment loss amounted to ₱50.93 million as of December 31, 2020 and 2019.

Input VAT
Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. This is expected to be recovered against output VAT. The current portion amounting to ₱31.78 million and ₱56.19 million as of December 31, 2020 and 2019, respectively, is expected to be recovered in 2021 and 2020, respectively. Deferred input VAT, which is presented under the "Other noncurrent assets" account in the consolidated statement of financial position amounting to ₱10.56 million and ₱13.43 million, as of December 31, 2020 and 2019, respectively, are recoverable in future periods after year 2021 and 2020, respectively (see Note 13).

Details of input VAT as of December 31, 2020 and 2019 follow:

	2020		2019	
	Current	**Noncurrent (Note 13)**	Current	Noncurrent (Note 13)
Input VAT	**₱36,277,396**	**₱14,938,577**	₱60,624,267	₱17,803,208
Less allowance for impairment losses	**4,502,030**	**4,377,303**	4,436,030	4,377,303
	₱31,775,366	**₱10,561,274**	₱56,188,237	₱13,425,905

Movement in the allowance for impairment losses on input VAT follows:

	2020		2019	
	Current	**Noncurrent**	Current	Noncurrent
Beginning balances	**₱4,436,030**	**₱4,377,303**	₱4,370,030	₱4,377,303
Provision for impairment losses during the year (Note 26)	**66,000**	**–**	66,000	–
	₱4,502,030	**₱4,377,303**	₱4,436,030	₱4,377,303

The Group impaired input VAT with no existing allowance amounting to ₱5.23 million and nil in 2020 and 2019, respectively (see Note 26).

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

Prepayments
Prepayments include prepaid insurance which will be amortized within three (3) to twelve (12) months at the end of the financial reporting date, prepaid rent and cost to obtain contracts, i.e., commission that is related to the real estate sales.

Others
Other current assets mostly pertain to cash bonds of the Group.

8. Deferred Exploration Costs

In 2018, the Group acquired PSMVI and PHMIC, which are holders of Mineral Production Sharing Agreements (MPSAs; see Note 11).

Deferred exploration costs relate to the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC in Barangay Isumbo, Sofronio Española and Barangay Pinaglabanan, Quezon in the Province of Palawan, known as the Panitian Limestone Project. The subsidiaries holding the MPSAs are under the pre-operating stage and the limestone project is under the exploration stage as at December 31, 2020.

The Panitian Limestone Project in Barangay Isumbo and Pinaglabanan covers 10,384.11 hectares under MPSA 172-2001-IV and MPSA 173-2001-IV. The MPSAs were approved on January 16, 2001 and have a validity period of 25 years, expiring on January 16, 2026. As at December 31, 2020, the Group is in the process of renewing its exploration period subject to evaluation and approval of MGB upon submission of requirements.

Deferred exploration costs attributable to the Group's Panitian Limestone Project amounted to ₱403.75 million and ₱390.20 million as of December 31, 2020 and 2019, respectively.

No impairment loss was recognized in the consolidated statements of comprehensive income in 2020, 2019 and 2018.

9. Investment Properties

In November 2011, the Group applied for foreclosure sale during which it was the highest bidder for the amount of the promissory note totalling ₱75.00 million. The certificate of sale was awarded to the Group on December 26, 2011. The land was classified as investment property and was recognized at purchase price plus transaction costs totalling to ₱95.39 million.

In 2016, the Group revalued its investment property to ₱425.01 million, resulting in an unrealized gain on fair valuation of ₱329.62 million.

In 2017, the Group changed its intention over the use of the said property in Palawan from property held for capital appreciation to a property to be developed and sold in the future. As a result of the change of intention, the Group reclassified its land in Palawan from investment properties to real estate held for sale.

In 2019, the Group changed its intention over the use of its various properties from properties held for sale to properties held for capital appreciation. As a result, the Group reclassified these properties with total carrying amount of ₱425.01 million from real estate held for sale to investment property (see Notes 3 and 6). This was approved by the BOD on December 13, 2019. For the year ended December 31, 2020 and 2019, the Group recognized unrealized gain on fair valuation of ₱367.92 million and ₱816.49 million, respectively to remeasure these properties at their fair value.

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

	2020	2019
Site I	**₱1,624,810,000**	₱1,249,854,000
Site II	**41,578,000**	48,614,000
	₱1,666,388,000	₱1,298,468,000

Sites I and II are situated in Sitios Busay and Candes, respectively, both being located within Barangay Bacungan, Puerto Princesa City.

The fair values of the investment properties were determined based on valuations performed by independent qualified appraiser using the Market Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listing to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the property and were premised on the factors of location, size and shape of the lot, time, element and others. The selling price is adjusted for certain external and internal factors ranging from negative 10% to positive 35%. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value.

The following tables provide the unobservable inputs used in the fair valuation:

	2020	
Inputs	**Site I**	**Site II**
Land area (square meter)	**4,999,414**	**127,932**
Price per square meter	**₱325**	**₱325**
Fair value	**₱1,624.81 million**	**₱41.58 million**

	2019	
Inputs	Site I	Site II
Land area (square meter)	4,999,414	127,932
Price per square meter	₱250	₱380
Fair value	₱1,249.85 million	₱48.61 million

Based on the analysis of the land usage surrounding the Nagtabon, Puerto Princesa investment property, the highest and best use of the investment property for Site I is to be a commercial development such as beach resort or hotel resort and interim highest and best use for Site II is an agricultural land utilization, until such time when it is ripe for any other type of development.

In 2017, investment properties were used as collateral for convertible loans and callable loans. Fair values of these collaterals amounted to ₱67.11 million and ₱49.64 million as of December 31, 2020 and 2019, respectively (see Notes 18 and 19).

10. Property and Equipment

	2020							
	Office Space Building and Office Space Improvements	**Heavy Equipment**	**Leasehold Improvements**	**Furniture and Fixtures**	**Transportation Equipment**	**Office and Other Equipment**	**Construction in progress**	**Total**
Cost								
Balances at beginning of year	₱20,384,323	₱603,079,289	₱8,767,230	₱4,055,404	₱84,522,246	₱75,487,639	₱696,221	₱796,992,352
Additions	–	4,281,429	189,990	–	5,525,674	2,642,121	–	12,639,214
Disposal	–	(96,471,429)	–	–	(13,874,438)	(8,155,939)	–	(118,501,806)
Balances at end of year	20,384,323	510,889,289	8,957,220	4,055,404	76,173,482	69,973,821	696,221	691,129,760
Accumulated Depreciation, Amortization and Impairment Loss								
Balances at beginning of year	13,755,742	340,609,392	8,035,735	3,626,444	59,483,922	60,072,944	696,221	486,280,400
Depreciation and amortization for the year (Notes 24 and 25)	1,422,834	75,223,640	578,380	168,172	8,937,921	5,308,530	–	91,639,477
Disposal	–	(95,937,736)	–	–	(13,874,477)	(8,155,888)	–	(117,968,101)
Balances at end of year	15,178,576	319,895,296	8,614,115	3,794,616	54,547,366	57,225,586	696,221	459,951,776
Net Book Values	₱5,205,747	₱190,993,993	₱343,105	₱260,788	₱21,626,116	₱12,748,235	₱–	₱231,177,984

	2019							
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in progress	Total
Cost								
Balances at beginning of year	₱20,384,323	₱475,726,429	₱8,767,230	₱4,037,369	₱68,771,695	₱67,547,510	₱696,221	₱645,930,777
Additions	–	132,292,860	–	18,035	12,156,513	7,940,129	–	152,407,537
Disposal	–	–	–	–	(1,345,962)	–	–	(1,345,962)
Reclassifications	–	(4,940,000)	–	–	4,940,000	–	–	–
Balances at end of year	20,384,323	603,079,289	8,767,230	4,055,404	84,522,246	75,487,639	696,221	796,992,352
Accumulated Depreciation, Amortization and Impairment Loss								
Balances at beginning of year	11,283,823	252,152,585	5,391,387	2,964,248	48,669,172	30,554,166	–	351,015,381
Depreciation and amortization for the year (Notes 24 and 25)	2,471,919	88,456,807	1,540,685	634,942	11,479,601	9,431,978	–	114,015,932
Impairment (Note 26)	–	–	1,103,663	27,254	681,111	20,086,800	696,221	22,595,049
Disposal	–	–	–	–	(1,345,962)	–	–	(1,345,962)
Balances at end of year	13,755,742	340,609,392	8,035,735	3,626,444	59,483,922	60,072,944	696,221	486,280,400
Net Book Values	₱6,628,581	₱262,469,897	₱731,495	₱428,960	₱25,038,324	₱15,414,695	₱–	₱310,711,952

The breakdown of consolidated depreciation and amortization of property and equipment follows:

	2020	2019	2018
Cost of services (Note 24)	**₱83,436,748**	₱97,277,092	₱56,109,556
General and administrative expenses (Note 25)	**8,202,729**	16,738,840	18,530,046
	₱91,639,477	₱114,015,932	₱74,639,602

The Group's mortgage loans are collateralized by the Company's transportation equipment with a carrying amount of ₱1.79 million and ₱3.58 million as of December 31, 2020 and 2019, respectively (see Note 14).

In December 2019, the Group fully impaired the property and equipment of CUBES with a net book value of ₱22.60 million (see Note 26).

11. Business Combination and Asset Acquisitions

Acquisition of PHMIC and PSMVI

In 2018, the Parent Company entered into a Memorandum of Agreement (MOA) with the shareholders of PHMIC and PSMVI which gives the Parent Company the sole and exclusive right to acquire shares of up to 100% of the total issued and outstanding common shares of PHMIC and PSMVI. The Parent Company subsequently assigned its right to PGDI, a majority-owned subsidiary. On August 28, 2018, the BOD approved the conversion of the Parent Company's advances to PGDI to equity shares allowing PGDI to own up to 100% of PHMIC and PSMVI. As of December 31, 2020 and 2019, PGDI has subscribed to 98.88% of PHMIC and 98.55% of PSMVI through conversion of its advances to equity amounting to ₱220.00 million and ₱170.00 million, respectively. The valuation of the advances converted to equity was approved by the SEC on November 20, 2018. PHMIC and PSMVI are engaged in the business of operating coal mines, and of prospecting, exploration and mining of all kinds of ores, metals, minerals, hydrocarbons, acids and chemicals, and its related by-products.

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

Certain advances made in prior years were converted and used to subscribe to shares in PHMIC and PSMVI.

The transaction was accounted for as an asset acquisition. The identifiable assets acquired pertains primarily relates to deferred exploration costs (see Note 8).

Acquisition of GLCI

In June 2015, the Group acquired 550,000 shares of GLCI representing 55% ownership interest for a total consideration of ₱275.00 million or ₱500 per share. GLCI is a real estate developer based in Baguio City and develops innovative master planned communities of low to mid-rise residential and commercial condominiums including student dormitories.

The transaction was accounted for as a business combination using acquisition method. The Group elected to measure non-controlling interest at the proportionate share of non-controlling interest in the identifiable net assets of GLCI.

The Group sought an independent valuation for the land and land development owned by GLCI which was done by an independent appraiser accredited by the SEC. The Group also prepared an internal valuation of the acquired real estate held for sale. The fair value of the land and land development was based on sales comparison approach while the fair value of the real estate held for sale was based on discounted free cash flow of GLCI. The significant assumption for the fair value of land and land development pertains to the sales price per square meter while the significant assumption for the real estate held for sale pertains to the discount rate used and the projected cash flow of GLCI.

Acquisition of CUBES
In October 2014, the Group signed a MOA with CUBES and LIMC for the acquisition of up to 51.0% ownership interest with CUBES. CUBES is engaged in the business of providing refrigeration to established cold storage facilities through a patented Thermo Chiller system developed in the United States.

In November 2014, the Group initially subscribed 5.20 million shares in CUBES representing 25.5% ownership interest for a total consideration of ₱40.0 million. The transaction was accounted for under PAS 28, *Investments in Associates and Joint Ventures* and the Group measured the investment in CUBES using equity method. Subsequently, in February 2015, the Group acquired additional 5.20 million shares in CUBES for a total consideration of ₱40.0 million increasing its ownership interest to 51.0%. In 2015, the transaction was accounted for as acquisition achieved in stages under PFRS 3, *Business Combinations*. The Group elected to measure non-controlling interest at the proportionate share of non-controlling interest in the identifiable net assets of CUBES.

In 2018, the Group fully impaired the exclusive distribution right and goodwill relating to CUBES. In December 2019, the Group fully impaired the property and equipment of CUBES with a net book value of ₱22.60 million (see Notes 12 and 26).

12. Goodwill and Intangible Assets

	2020			
	Goodwill	Film Rights	Exclusive Distribution Right	Total
Cost				
Balances at beginning and end of year	₱556,123,930	₱59,641,480	₱150,494,041	₱766,259,451
Accumulated Amortization and Impairment Losses				
Balances at beginning of year	540,422,126	55,586,466	150,494,041	746,502,633
Amortization (Note 25)	–	405,501	–	405,501
Balances at end of year	540,422,126	55,991,967	150,494,041	746,908,134
Net Book Values	₱15,701,804	₱3,649,513	₱–	₱19,351,317

	2019			
	Goodwill	Film Rights	Exclusive Distribution Right	Total
Cost				
Balances at beginning and end of year	₱556,123,930	₱59,641,480	₱150,494,041	₱766,259,451
Accumulated Amortization and Impairment Losses				
Balances at beginning of year	540,422,126	55,135,909	150,494,041	746,052,076
Amortization (Note 25)	–	450,557	–	450,557
Balances at end of year	540,422,126	55,586,466	150,494,041	746,502,633
Net Book Values	₱15,701,804	₱4,055,014	₱–	₱19,756,818

Goodwill and exclusive distribution rights
The Group's goodwill pertains to: (a) the acquisition of PGDI in April 2012 amounting to ₱9.48 million, (b) the acquisition of additional interest in CUBES in February 2015 amounting to ₱2.61 million and (c) the acquisition of GLCI in June 2015 amounting to ₱6.23 million. The exclusive distribution right asset relates to CUBES's exclusive right to distribute specific types of thermochillers in the Philippines (see Note 11).

Under PFRS, the Group is required to annually test the amount of goodwill and the exclusive right to distribute if there are indicators of impairment. The Group performed its impairment test on its goodwill and exclusive distribution right as of December 31, 2020 and 2019, respectively. The Group assumed that there are no cash flows considering that CUBES has ceased its operations. Related goodwill from the acquisition of CUBES is fully impaired as of December 31, 2020 and 2019. For goodwill allocated to PGDI and GLCI, the recoverable amounts of goodwill were determined based on fair value less costs to sell as of December 31, 2020 and 2019.

Film rights
In 2020, 2019 and 2018, the Group recognized amortization expense on film rights amounting to ₱0.41 million, ₱0.45 million and ₱0.50 million, respectively (see Note 25). The Group used the income approach - discounted cash flow method in the valuation of its film rights. This method assumes that the going rate per film of ₱0.75 million declines by 10.00% per year as observed in the price trends from 1998 up to the current year.

13. Other Noncurrent Assets

	2020	2019
Deferred input VAT - net of impairment loss (Note 7)	**₱10,561,274**	₱13,425,905
Receivable from PAGCOR	**3,042,702**	3,042,702
Security deposits	–	852,022
Others	**205,806**	430,589
	₱13,809,782	₱17,751,218

Receivable from PAGCOR
In 2011, the Group received a notice of garnishment for the amount of ₱3.04 million in connection with a complaint filed against Blue Sky Philko wherein the Group was made as a co-defendant. Accordingly, the Group's commission from PhilWeb for the same amount was lodged under the custody of PAGCOR. As of December 31, 2020, the case is pending before the Quezon City Regional Trial Court.

Security deposits
Security deposits pertain to the deposits paid by the Group to certain lessors at the inception of the lease contracts to be refunded at the end of the lease term. In 2018, the Group impaired its security deposit, recognizing a loss of ₱0.15 million (see Note 26).

14. Short-term Loans

Party	Year	Principal Repayments	Outstanding Balance	Terms	Conditions
Banks	**2020**	**₱2,062,500**	**₱12,937,500**	180 to 360 days;	Unsecured
	2019	15,000,000	15,000,000	6.50% to 6.75% per annum;	
Shareholders and Officers (Note 21)	**2020**	–	**34,025,000**	180 to 360 days	Unsecured
	2019	6,000,000	34,025,000	6.00% per annum	
Third Parties	**2020**	**5,000,000**	**179,000,000**	180 to 360 days;	Unsecured
	2019	207,000,000	184,000,000	7.5% to 12.0% per annum	
Total	**2020**	**₱7,362,500**	**₱225,962,500**		
	2019	228,000,000	233,025,000		

Short-term loans were obtained to finance the working capital requirements of the subsidiaries and partially finance the acquisition of the Group's heavy equipment.

Total interest expense on short-term loans amounted to ₱61.13 million, ₱60.03 million, and ₱19.39 million in 2020, 2019 and 2018, respectively (Note 28).

Loans from Officers and Shareholders - Noncurrent
In 2019, the Group was able to secure several letters from its shareholders and officers representing their agreement to defer the collections of their short-term loans with the Group until December 31, 2021.

As of December 31, 2020 and 2019, total loans not currently maturing amounted to ₱64.50 million and ₱78.30 million, respectively, presented as "Loans from Officers and Shareholders" under noncurrent liabilities in the consolidated statements of financial position (see Note 21). These unsecured loans are interest bearing at 6% per annum.

Loans from Third Party - Noncurrent
In 2019, the Group was able to secure a letter representing a third-party creditor's agreement to defer the collections of short-term loan amounting to ₱8.00 million with the Group until December 31, 2021. Total amount of loan was accordingly presented as "Loans from third parties" under noncurrent liabilities in the consolidated statements of financial position as of December 31, 2020 and 2019. This unsecured loan is interest-bearing at 8% per annum.

15. Loans Payable

This account consists of the following loans payable:

	2020	2019
Secured by real estate mortgage	**₱243,988,807**	₱401,376,410
Unsecured	**53,138,340**	476,182,252
Mortgaged	**1,905,679**	3,137,650
Secured by contract receivables and contract assets (Note 5)	**52,332,267**	111,407,331
Total loans payable	**351,365,093**	992,103,643
Less noncurrent portion of loans payable	**39,998,273**	243,805,869
Current portion of loans payable	**₱311,366,820**	₱748,297,774

Loans payable - unsecured, secured by real estate mortgage and mortgaged
Loans payable - unsecured and secured by real estate mortgage represents loans with interest rate at prevailing market rates ranging from 1.5% to 10.0% within one to five years. Loans payable - mortgaged pertains to car loans for vehicles used in operations availed of by the Group.

The current and noncurrent portions of long-term loans payable are as follows:

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Philippine Veterans Bank	**2020** 2019	**₱314,000,000** 314,000,000	**₱168,881,662** 209,528,963	5 years; 9.65% to 10.99% per annum	Secured by a real estate mortgage on certain parcels of land
Union Bank of the Philippines	**2020** 2019	**67,548,000** 67,548,000	**12,062,922** 23,383,296	5 years; 6.00 to 9.68% per annum	Secured by a real estate mortgage on certain property
Zambales Bank	**2020** 2019	**25,000,000** 25,000,000	**8,767,281** 13,768,137	5 to 10 years; 8.00% per annum	Secured by a real estate mortgage on certain parcel of land
Bank of Makati	**2020** 2019	**80,000,000** 80,000,000	**5,672,054** 33,699,248	4 years; 7.50% per annum	Secured by a real estate mortgage on certain parcel of land
Tanay Rural Bank	**2020** 2019	**10,000,000** 10,000,000	**2,885,079** 8,048,940	2 years; 18.00% per annum	Secured by a real estate mortgage on certain property
BDO Unibank, Inc.	**2020** 2019	**4,831,200** 4,831,200	**520,838** 1,384,815	5 years; 9.95% per annum	Mortgaged
Sterling Bank of Asia	**2020** 2019	**31,500,000** 31,500,000	– 8,512,462	1 year; 8.75% to 10.50% per annum	Secured by a real estate mortgage on certain property
Other financing institutions	**2020** 2019	**127,421,540** 127,421,540	**41,367,490** 106,188,199	1 to 3 years; 10% to 33% per annum	Secured by a real estate mortgage and certain parcel of land

(Forward)

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Other financing institutions	**2020**	**₱551,169,362**	**₱58,875,500**	1 to 3 years; 10% to 33% per annum	Unsecured
	2019	551,169,362	476,182,252		
Total	**2020**	**1,211,470,102**	**299,032,826**		
	2019	1,211,470,102	880,696,312		
Less noncurrent portion of loans payable	**2020**		**18,311,848**		
	2019		197,780,954		
Current portion of long-term loans payable	**2020**		**₱280,720,978**		
	2019		682,915,358		

In 2020, GLCI recognized real estate sales and contract liability amounting to ₱397.48 million and ₱0.07 million, respectively, in exchange for the settlement of the outstanding loans from its creditors. Carrying value of loans extinguished amounted to ₱397.48 million. Related cost of real estate sales amounted to ₱235.38 million.

Loans payable - secured by contract receivables and contract assets (see Note 5)
The Group entered into loan agreements with different banks and other non-bank financing institutions to assign with recourse CTS of unit buyers payable in monthly amortization of up to five years and bears interest rates ranging from 7.30% to 9.00%. The following table presents the breakdown by maturity dates:

	2020	2019
Due within one year	**₱30,645,842**	₱65,382,416
Due after one year	**21,686,425**	46,024,915
	₱52,332,267	₱111,407,331

Interest expense arising from the loans payable recognized in the consolidated statements of comprehensive income amounted to ₱68.77 million, ₱217.29 million and ₱135.09 million, in 2020, 2019 and 2018, respectively (see Note 28).

GLCI's debt instruments contain restrictive covenants. Development Bank of the Philippines requires maintenance of long-term debt-to-equity ratio of 75:25, current ratio of not less than 1:1.2 and debt-to-service coverage ratio of 1:1. Philippine Veterans Bank restricts payment and declaration of cash dividends, management bonus or profit sharing to, or making any loans or advances to the Group's directors, officers and stockholders, sale of significant assets and requires maintenance of debt-to-equity ratio of 1.5:1. Maybank Philippines, requires debt-to-service ratio of not less than 1.25 throughout the term of the loan while Sterling Bank of Asia prohibits dividend declaration or allowances to officers or stockholders if the total debt to equity ratio exceed 3:1. In addition, under the agreement with Zambales Bank, loan may be declared due and payable should there be occurrence of payment default or cross default.

As of December 31, 2020 and 2019, GLCI was able to meet the required debt covenants except for debt-to-equity ratio, debt-to-service coverage ratio and cross default covenant, resulting to reclassification of loans payable amounting to ₱54.39 million and ₱1.41 million from noncurrent liabilities to current liabilities as of December 31, 2020 and 2019, respectively. Total outstanding balance of loans payable with breached debt covenants amounted to ₱192.88 million and ₱261.70 million under current liabilities as of December 31, 2020 and 2019, respectively.

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

	2020	2019
Less than one year	**₱311,366,820**	₱748,297,774
One to two years	**39,998,273**	203,124,516
More than two years	–	40,681,353
	₱351,365,093	₱992,103,643

16. Purchased Land Payable

Purchased land payable pertains to noninterest-bearing payable to real estate property seller under the terms of agreement executed by the Group for the purchase of land.

In 2020, GLCI recognized real estate sales amounting to ₱5.11 million in settlement of the outstanding purchased land payable and related accrued interest with carrying values of ₱4.86 million and ₱0.25 million, respectively. Cost of real estate sales pertaining to the transaction amounted to ₱0.34 million.

Purchased land payable currently maturing as of December 31, 2020 and 2019 amounted to ₱18.10 million and ₱49.36 million, respectively.

17. Obligation Under Finance Lease and Installment Payable

Obligation under Finance Lease
In 2017 and 2016, the Group entered into a sale and leaseback agreement with BPI Century Tokyo Rental Corporation for its heavy equipment and transportation equipment for the total consideration of ₱70.60 million and ₱7.41 million, respectively. The obligations are payable in equal monthly installments until August 2021.

Currently maturing obligation under finance lease amounted to ₱0.53 million and ₱2.36 million as of December 31, 2020 and 2019, respectively.

Interest expense arising from obligations under finance lease amounted to ₱0.03 million, ₱0.70 million and ₱1.60 million in 2020, 2019 and 2018, respectively (see Note 28).

Net book values of heavy equipment and transportation equipment under finance lease amounted to nil and ₱0.35 million as at December 31, 2020 and 2019, respectively.

Installment Payable
Details of installment payable follow:

	2020	2019
Current	**₱17,055,586**	₱58,401,035
Noncurrent	–	17,055,586
	₱17,055,586	₱75,456,621

In 2018, the Group acquired additional heavy equipment amounting to ₱19.29 million. The Group initially paid ₱1.90 million and the remaining balance to be paid in equal monthly installments of ₱0.78 million to be applied to interest and principal for a period of twenty-four months with an interest rate of 8% per annum.

In 2019, the Group purchased heavy equipment from QSJ Motors Phils Inc. amounting to ₱132.29 million. The Group initially paid ₱26.75 million and the remaining balance will be paid on equal monthly installment of ₱5.20 million to be applied on interest and principal for a period of 24 months with an interest rate of 8% per annum.

Interest expense arising from the installment payable amounted to ₱8.76 million, ₱7.51 million and ₱0.59 million in 2020, 2019 and 2018, respectively (see Note 28).

18. Convertible Loans

In 2016 and 2015, the Group issued convertible notes amounting to ₱26.00 million and ₱408.00 million, respectively, to various individuals and corporations. The convertible notes have a term of three years, with fixed interest rates ranging from 6.5% to 12.0% per annum, payable on a quarterly basis and are exchangeable into fully paid and non-assessable listed PHA's common shares at a price of ₱1.00 per share. The notes allow the holder to participate in a planned stock rights offer (SRO) even while the loan is outstanding. A nil-paid, detachable warrant is also issued to the holder for every ten (10) notional common shares, excluding the rights shares, regardless of whether or not the holder subscribes to the stock rights. Each warrant shall entitle the holder to subscribe to one (1) PHA's common share. In the event of default, the lender shall be entitled, but not obliged, to convert all or a portion of the loan into fully paid and non-assessable listed PHA's common shares. The terms and conditions of said conversion shall be mutually agreed upon by the parties. If the lender does not exercise its rights to conversion, the holder may declare the entire loan including the interest, immediately due and demandable.

In 2019, the Group entered into new agreements with various creditors to extend the term of its convertible notes for another three years after its original maturity date. As of December 31, 2019, the 'day 1' difference resulting from the extension amounted to ₱6.89 million.

As of December 31, 2020 and 2019, carrying value of the convertible loans from officers and shareholders amounted to ₱95.79 million and ₱95.26 million, respectively (see Note 21).

In 2017, the Group entered into a ₱100 million loan agreement with Treasure Island Industrial Corporation (TIIC), subject to 6.5% interest payable in two (2) years. TIIC is a related party holding 17.33% ownership of PGDI (see Note 21).

The loan proceeds will be used by the Group to finance the development activities of its properties in Palawan.

The instrument is accompanied by the following options: up to ₱50 million of the loan may be converted to new shares of WPP corresponding to 5.0% of WPP post-conversion effectively at a valuation of ₱1.0 billion. The ₱100 million loan amount, in whole or in part, may be convertible to lots in the Kattinger-Nagtabon property at an agreed upon discount to the opening Joint Venture price and as soon as the Joint Venture agreement with Kattinger group is signed and agreed on by all parties concerned. The ₱100 million loan amount, in whole or in part, may be convertible to parcels of the security lots in North Cove with total area of 196,000 sqm. at a price of ₱1,000 per square meter (see Note 9).

The notes together with its features were also evaluated to determine if the embedded components qualify as derivatives to be separately accounted for under PFRS 9. As result of this evaluation, the Group identified the conversion rights with detachable warrants as derivative financial instruments to be taken up as equity. Using the residual approach, the proceeds are allocated between the debt instrument and the conversion rights with detachable warrants. The equity component on the convertible loan issued in 2017 amounted to ₱18.69 million (see Note 23).

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

	2020	2019
Current	**₱400,370,775**	₱131,319,780
Noncurrent	**94,635,393**	363,213,835
	₱495,006,168	₱494,533,615

Movement in the convertible loans as of December 31 follows:

	2020	2019
Beginning balances	**₱494,533,615**	₱515,425,292
Amortization (Redemption) of Day 1 difference	**4,972,553**	(6,891,677)
Payments	**(4,500,000)**	(14,000,000)
Ending balances	**₱495,006,168**	₱494,533,615

As at December 31, 2020 and 2019, equity portion of convertible loans payable lodged under APIC in the consolidated statements of financial position amounted to ₱18.69 million.

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

	2020	2019
Beginning balances	**₱11,966,565**	₱5,074,888
Redemption (Amortization) of Day 1 difference	**(4,972,553)**	6,891,677
Ending balances	**₱6,994,012**	₱11,966,565

In 2020, 2019 and 2018, interest expense on the convertible loans, including the amortization of Day 1 difference, recognized in profit or loss amounted to ₱33.67 million, ₱32.42 million and ₱31.17 million, respectively (see Note 28).

19. Callable Loans

On July 6, 2018, the Group entered into a ₱15.0 million loan agreement with Kapatiran sa Kasaganaan Service & Multi-Purpose Cooperative, subject to 8% interest payable after 3 years. In 2019, multiple additional drawdowns amounting to ₱7.00 million has been received, subject to 8% interest rate per annum payable in 3 years.

The loan proceeds will be used by the Group to finance land developments in Nagtabon beach property and to finance the purchase of certain properties.

The instrument is accompanied by the option to prepay the loan in full or in partial without any penalty chargeable against it, subject to the following conditions:

i. The Borrower shall give the Lender written notice of such prepayment not less than Thirty (30) days before the proposed prepayment date, which notice, once given, shall be irrevocable and binding on the Borrower;

ii. The amount payable in respect of each prepayment shall be the full or partial outstanding principal amount of the Loan plus accrued but unpaid interest, penalties and other applicable charges;

iii. Any amount prepaid may not be re-borrowed hereunder.

As security for the payment of the loan, parcels of lots with total area of 10,500 sqm were assigned as security valued at ₱10,000 per sqm for a total collateral cover of ₱105.00 million (see Note 9).

No interest expense was capitalized as part of land development under "Real estate held for sale" in 2020 and 2019.

20. Trade and Other Payables

	2020	2019
Trade payables		
Third parties	**₱45,413,455**	₱54,214,325
Related parties (Note 21)	**13,545,504**	6,222,075
Customers' deposits and advances	**165,325,000**	129,869,780
Advances from shareholder (Note 21)	**161,327,846**	128,714,937
Advances from third parties	**88,000,000**	–
Accrued expenses	**73,050,269**	71,050,955
Output VAT payable	**54,881,504**	–
Customer's refunds	**50,661,185**	27,308,674
Deferred output VAT	**44,308,290**	45,362,614
Retention payable	**23,787,912**	59,373,524
Voucher's payable	**18,428,833**	37,146,371
Others	**10,197,595**	23,393,996
	₱748,927,393	₱582,657,251

Trade payables - third parties
Trade payable to third parties relates to construction and development costs payable to contractors and suppliers. These are non-interest-bearing and are normally settled within one year after the reporting date.

Customers' deposits and advances
Customers' deposits and advances represent cash received from real property buyers based on the terms of the agreement executed during the year. These deposits will be applied to any receivable upon execution of the contract to sell and fulfilment by both parties of certain undertakings and conditions.

Certain agreements provide real property buyers to pay nonrefundable deposits. Nonrefundable deposits pertaining to cancelled real estate sales amounting to ₱3.39 million, nil and ₱10.26 million are recorded as "Other income (charges)" in the consolidated statements of comprehensive income in 2020, 2019, and 2018, respectively.

Advances from shareholder
Advances from shareholder pertains to the outstanding advances from PHA's shareholder in relation to the expenses incurred on the development activities of Panitian Limestone Project.

Advances from third parties
Advances from third parties pertain to cash received by the Group to fund real estate and mining projects which are noninterest bearing and payable on demand.

Accrued expenses
Accrued expenses are comprised of accruals to interest, salaries and benefits, professional fees and other taxes which are expected to be settled within twelve (12) months from the end of the reporting period.

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

Deferred output VAT
Deferred output tax pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date.

Retention payable
Retention payable is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the Group. The retained amount will be released to the contractors upon completion and satisfaction of the terms and conditions of the related construction contracts.

Others
Others include withholding taxes and other amounts payable to the Philippine Government. These are noninterest-bearing and are generally settled in 30 to 45 days.

21. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Group discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement. The Group has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2020 and 2019. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Terms and Conditions of Transactions with Related Parties

For the years ended December 31, 2020 and 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occur in cash, unless otherwise stated. The Group has approval process and established limits when entering into material related party transactions.

The Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

	Relationship	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivables (Note 5)						
Advances	Officers	**2020**	**₱20,998,228**	**₱50,468,382**	Due and demandable; non-interest bearing	Unsecured
		2019	8,356,482	71,466,610		
Loans from officers and shareholders (Note 14)						
Short-term loans	Officers & Shareholders	**2020**	**₱–**	**₱34,025,000**	180 to 360 days; 6.0% interest rate	Unsecured
		2019	6,000,000	34,025,000		
Long-term loans	Officers & Shareholders	**2020**	**13,800,000**	**64,500,000**	2 years; 60% interest rate	Unsecured
		2019	78,300,000	78,300,000		
Convertible loans (Note 18)						
Convertible loans	Officers	**2020**	**₱–**	**₱95,790,173**	3 years; 6.5% to 12.0% interest rate; Convertible to PHA shares	Secured by WPP shares
		2019	–	95,263,509		
	Related Party	**2020**	**–**	**100,000,000**	2 years; 6.5% interest rate Convertible to WPP shares or lots of WPP real estate properties	Secured by real estate properties
		2019	–	100,000,000		
		2020	**₱–**	**₱195,790,173**		
		2019	–	195,263,509		

(Forward)

	Relationship	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
Trade and other payables (Note 20)						
Management fees	Officers	**2020**	**₱5,352,941**	**₱–**	Due and demandable; non-interest bearing	Unsecured
		2019	1,636,398	1,636,398		
Payments on behalf	Officers	**2020**	**8,959,827**	**13,545,504**	Due and demandable; non-interest bearing	Unsecured
		2019	4,585,677	4,585,677		
Advances from shareholders	Officers	**2020**	**86,415,186**	**161,327,846**	Due and demandable; non-interest bearing	Unsecured
		2019	–	128,714,937		
		2020	**₱63,916,618**	**₱174,873,350**		
		2019	1,636,398	134,937,012		

In October 2019, in compliance with SEC Memorandum Circular No. 10-2019, the Group adopted and implemented its Material Related Party Transactions Policy. The policy covers all the Group's material related party transactions, defined as:

i. A single transaction with a related party amounting to 10% or higher of the Group's total consolidated assets; or

ii. Several transactions or a series of transactions over a twelve-month period with the same related party amounting to 10% or higher of the Group's total consolidated assets.

Transactions amounting to 10% or more of the total consolidated assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the material related party transaction to the requirements of the Material Related Party Transaction Policy. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

All individual material related party transactions shall be approved by the majority vote of the board of directors and shareholders. For aggregate related party transactions within a twelve-month period that breaches the materiality of 10% of the Group's total assets, board and shareholders' approval would be required for the transactions that meets and exceeds the materiality threshold.

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

Compensation of Group's Key Management Personnel
Compensation of the Group's key management personnel consists of short-term employee benefits amounting to ₱33.05 million, ₱40.66 million and ₱39.27 million in 2020, 2019 and 2018, respectively. There are no post-employment benefits in 2020, 2019 and 2018. There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

22. Pension Liabilities

The Group has an unfunded non-contributory defined benefit plan covering all regular employees. Benefits are based on the employee's years of service and final plan salary.

Under the existing regulatory framework, Republic Act 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the unfunded status and amounts recognized in the consolidated statements of financial position and the components of the net benefit expense recognized in the consolidated statements of comprehensive income for the pension plan.

Pension cost recognized in the consolidated statements of comprehensive income (see Note 29):

	2020	2019	2018
Service cost	**₱4,606,281**	₱2,172,108	₱2,275,664
Interest expense on defined benefit obligation	**1,376,134**	997,685	765,847
	₱5,982,415	₱3,169,793	₱3,041,511

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

	2020	2019	2018
Actuarial gains (losses) due to:			
Changes in:			
Financial assumptions	**(₱6,518,254)**	(₱6,585,297)	₱3,486,173
Demographic assumptions	**–**	(1,037,849)	757,852
Experience adjustments	**4,475,041**	(1,870,833)	(1,351,902)
Other adjustments	**–**	1,465,543	–
Remeasurement gains (losses) on defined benefit obligation	**(2,043,213)**	(8,028,436)	2,892,123
Income tax effect	**(269,857)**	(408,628)	(528,657)
Remeasurement gains (losses)	**(₱2,313,070)**	(₱8,437,064)	₱2,363,466

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

	2020	2019
Equity attributable to equity holders of the parent		
Balances at beginning of year	**₱1,334,992**	₱7,368,843
Actuarial gain (loss)	**1,685,457**	(5,842,874)
Total	**3,020,449**	1,525,969
Income tax effect	**105,452**	(190,977)
Balances at end of year	**3,125,901**	1,334,992
Equity attributable to non-controlling interests		
Balances at beginning of year	**2,999,541**	5,402,754
Actuarial gain (loss)	**357,756**	(2,185,562)
Total	**3,357,297**	3,217,192
Income tax effect	**164,405**	(217,651)
Balances at end of year	**3,521,702**	2,999,541
Total amounts recognized in OCI	**₱6,647,603**	₱4,334,533

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

	2020	2019
Defined benefit obligation at beginning of year	**₱25,996,477**	₱13,332,705
Service cost	**4,606,281**	2,172,108
Interest expense on defined benefit obligation	**1,376,134**	997,685
Actuarial losses (gains) due to:		
Changes in financial assumptions	**6,518,254**	6,585,297
Experience adjustments	**(4,475,041)**	1,870,833
Changes in demographic assumptions	**–**	1,037,849
Defined benefit obligation at end of year	**₱34,022,105**	₱25,996,477

The cost of defined benefit pension plans as well as the present value of the pension liabilities is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used to determine pension for the Group are as follows:

	Discount rate		Future salary increase rate	
Entity Name	2020	2019	2020	2019
PHA	**4.16%**	5.54%	**5.00%**	5.00%
PGDI	**4.15%**	5.36%	**10.00%**	10.00%
GLCI	**3.87%**	4.91%	**5.00%**	5.00%

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

		2020		
	Increase (Decrease)	**Effect on the retirement benefit obligation**		
		PHA	**PGDI**	**GLCI**
Discount rate	**+100bps**	**(₱295,373)**	**(₱4,784,890)**	**(₱465,747)**
	-100bps	**375,764**	**6,201,004**	**557,562**
Salary increase	**+100bps**	**368,427**	**5,769,025**	**565,869**
	-100bps	**(295,775)**	**(4,596,783)**	**(481,104)**

		2019		
	Increase (Decrease)	Effect on the retirement benefit obligation		
		PHA	PGDI	GLCI
Discount rate	+100bps	(₱184,654)	(₱3,185,335)	(₱3,874,476)
	-100bps	234,978	4,105,527	4,912,482
Salary increase	+100bps	233,828	3,870,234	4,929,573
	-100bps	(187,074)	(3,091,196)	(3,852,227)

The Group does not have a formal retirement plan where its retirement obligations could have been funded.

Shown below is the maturity profile of the undiscounted benefit payments:

	2020	2019
Less than one year	**₱1,579,280**	₱2,055,483
More than one year to five years	**543,854**	3,442,520
More than five years to 10 years	**4,639,458**	7,240,536
More than 10 years to 15 years	**4,855,378**	3,703,549
More than 15 years to 20 years	**3,276,211**	4,307,535
More than 20 years	**16,697,333**	10,600,258

23. Equity

Capital Stock

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

	2020		2019		2018	
	Amount	**Number of Shares**	Amount	Number of Shares	Amount	Number of Shares
Authorized ₱0.25 par value per share	**₱563,556,000**	**2,254,224,000**	₱563,556,000	2,254,224,000	₱563,556,000	2,254,224,000
Issued and fully paid						
At beginning of year	**₱497,620,222**	**1,990,480,889**	₱472,715,222	1,815,480,889	₱472,715,222	1,815,480,889
Additional subscription	**65,909,091**	**263,636,364**	–	–	–	–
Collection of subscription receivables	–	–	24,905,000	175,000,000	–	–
At end of year	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889	₱472,715,222	1,815,480,889

(Forward)

	2020		2019		2018	
	Amount	**Number of Shares**	Amount	Number of Shares	Amount	Number of Shares
Subscribed capital stock						
At beginning of year	**₱497,620,222**	**1,990,480,889**	₱497,620,222	1,990,480,889	₱497,620,222	1,990,480,889
Additional subscription	**65,909,091**	**263,636,364**	–	–	–	–
At end of year	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889	₱497,620,222	1,990,480,889
Less: Subscription receivable						
At the beginning of year	**₱–**	**–**	₱24,905,000	175,000,000	₱24,905,000	175,000,000
Collection of subscription receivables	**–**	**–**	(24,905,000)	(175,000,000)	–	–
At end of year	**₱–**	**–**	₱–	–	₱24,905,000	175,000,000
Capital stock	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889	₱472,715,222	1,815,480,889
Treasury stock						
Beginning of year	**₱–**	**–**	₱120,226,315	187,768,793	₱133,663,988	225,268,793
Reissuance	**–**	**–**	(120,226,315)	(187,768,793)	(13,437,673)	(37,500,000)
	₱–	**–**	₱–	–	₱120,226,315	187,768,793

On May 5, 1997, the Parent Company launched its initial public offering where a total of 520.0 million common shares were offered at an offering price of ₱1.00 per share. The registration was approved on May 2, 1997. The Parent Company has 121 and 116 existing shareholders as of December 31, 2020 and 2019, respectively.

Subscription Receivable

Subscription receivable as of December 31, 2018 pertains to the unpaid portion of the 175.0 million shares subscribed at ₱0.30 per share. As of December 31, 2019, subscription receivables have been fully collected.

Treasury Stock

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

Share Subscription Agreement

On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "Subscription Shares") or up to 55% ownership in PHA. Subscription to these shares will be at ₱0.33 per share for a total consideration of ₱925.00 million, of which ₱300.00 million will be in cash and the balance of ₱625.00 million will be via a combination of cash and/or infusion of Squidpay Technology, Inc. (SPTI) shares over a period of 2 years, with the intent of making SPTI a subsidiary of PHA.

The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock. As of December 31, 2020, ₱87.00 million was received in relation to this subscription.

The remaining 2,539,393,939 shares will be issued from an increase in authorized capital stock of PHA.

Deposit for Future Stock Subscription

On December 17, 2020, the BOD and stockholders approved the increase in PHA's authorized capital stock from ₱563.56 million divided into 2,254,224,000 common shares with par value of ₱0.25 each share, to up to ₱1.50 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share. The Parent Company filed the increase in capital stock with the Philippine SEC in March 2021. The approval for increase in capital stock is still pending from the SEC.

In 2020, the Parent Company received ₱113.00 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under current liabilities as of December 31, 2020.

Additional Paid-in Capital (APIC)
APIC includes paid-in capital in excess of par amounting to ₱98.76 million and ₱78.33 million as of December 31, 2020 and 2019, respectively, and the equity component of the issued convertible loans amounting to ₱18.69 million as of December 31, 2020 and 2019 (see Note 18).

The liability component of the convertible loans is reflected as financial liabilities.

In 2019, APIC from disposal of Parent Company shares held by a subsidiary amounted to ₱30.95 million.

In 2020, the Parent Company received subscription amounting to ₱0.33 per share or ₱87.00 million for 263,636,364 shares out of authorized capital stock, including ₱21.09 million in excess of par value. Stock issuance cost amounting to ₱0.66 million is deducted from APIC.

Retained Earnings (Deficit)
For purposes of dividend declaration, the retained earnings shall be that of the legal parent presented in the separate financial statements. After considering the reconciling items, the Parent Company has no available retained earnings for dividend declaration as of December 31, 2020 and 2019.

The details of the Parent Company's retained earnings (deficit) are as follows:

	2020	2019	2018
Unappropriated retained earnings (Deficit)	**(₱196,167,955)**	(₱56,871,338)	₱91,506,585
Declaration of dividends	–	–	(39,800,000)
Actuarial gain (loss) on defined benefit obligation, net of tax	**(222,806)**	(175,092)	120,147
	(₱196,390,761)	(₱57,046,430)	₱51,826,732

The undistributed earnings from subsidiaries amounting to ₱816.89 million and ₱595.78 million as of December 31, 2020 and 2019, respectively, is not available for dividend distribution until actually declared by the subsidiaries.

Declaration of dividends
On March 20, 2018, the BOD of PHA has approved property dividends consisting of 268.0 million shares of stock of PGDI with the new par value of ₱0.10 per share and a cash dividend of ₱0.001482 per share or a total of ₱2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared. The fair value of property dividends amounted to ₱36.85 million. As at December 31, 2020, the SEC approval on the property and cash dividends is still pending.

On September 13, 2018, the BOD of PGDI approved the declaration of cash dividends amounting to ₱12.0 million, in which ₱2.40 million pertains to dividends declared to third parties. The dividends were later paid on September 17, 2018.

Equity reserves
In December 2013, PHA obtained the BOD's approval to sell its 15% interest or 24.38 million shares in DSI for a consideration of ₱2.25 per share or ₱54.84 million. After the sale, PHA will retain 85% ownership with DSI. The transaction represents a change in ownership interest in a subsidiary that does not result in a loss of control. The Group recognized ₱8.95 million "Equity Reserve" arising from the excess of the consideration received over the proportionate share of non-controlling interest on the net assets value of DSI.

Additional 1.0 million shares were sold to non-controlling interests in January 2015 for a total consideration of ₱2.25 million or ₱2.25 per share, resulting to 15.62% non-controlling interest as of the end of January 2014.

In December 2014, the Parent Company acquired 25.38 million common shares of DSI from various individual investors for a total consideration of ₱92.46 million or ₱3.64 per share. The acquisition of shares represents the remaining 15.62% interest in DSI. As a result of the acquisition, the Parent Company now holds 100% interest in DSI. The Group recognized "Equity Reserve" from the acquisition amounting to ₱43.88 million in 2014 which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

In February 2015, the Parent Company acquired 5.24 million shares equivalent or 13.1% non-controlling interest in PGDI for a total consideration of ₱5.24 million or ₱1.0 per share, increasing its ownership interest to 80.0%. The Group recognized "Equity Reserve" from the acquisition amounting to ₱3.78 million in 2015 which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

On August 28, 2018, the BOD approved the conversion of the Parent Company's and third parties' advances to PGDI amounting to ₱432.5 million to equity, which resulted to an increase in capital stock of ₱341.7 million and additional paid-in capital of ₱90.8 million. The valuation of advances converted to equity was approved by the SEC on November 20, 2018. The conversion resulted in dilution of the Parent Company's ownership interest in PGDI from 80% to 69.2%. The Group recognized "Equity Reserve" from the conversion amounting to ₱14.0 million in 2018, which is closed in the retained earnings under consolidated statements of changes in equity. The equity reserve is excluded for purposes of dividend declaration.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains strong credit standing and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its equity as capital. The Group is subject to externally imposed capital requirements. The Group's management, amongst other things, aims to ensure that the Parent Company and its subsidiaries meets any financial covenants attached to its long-term loans that define capital structure requirements (see Note 15).

No changes were made in the Group's capital management objectives, policies or processes during the years ended December 31, 2020 and 2019.

Non-controlling Interest

Non-controlling interest consists of the following:

Name of Subsidiary	Percentage of Ownership 2020	2019	2018	Equity Attributable to Non-Controlling Interest 2020	2019	2018
PGDI	**69.22%**	69.22%	69.22%	**₱200,023,823**	₱206,726,957	₱204,556,467
PHMIC	**68.44%**	68.44%	68.44%	**1,746,140**	1,765,582	1,785,020
PSMVI	**68.22%**	68.22%	68.22%	**1,897,432**	1,917,008	1,936,587
GLCI	**55.00%**	55.00%	55.00%	**116,137,841**	97,137,278	237,766,080
CUBES	**51.00%**	51.00%	51.00%	**25,842,509**	25,920,760	56,730,089
				₱345,647,745	₱333,467,585	₱502,774,243

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

Name of Subsidiary	Percentage of Ownership 2020	2019	2018	Net Income (Loss) Attributable to Non-Controlling Interest 2020	2019	2018
PGDI	**69.22%**	69.22%	69.22%	**(₱5,797,360)**	₱4,553,044	₱3,886,079
PHMIC	**68.44%**	68.44%	98.90%	**(19,442)**	(19,438)	(714,980)
PSMVI	**68.22%**	68.22%	98.60%	**(19,576)**	(19,579)	(563,413)
GLCI	**55.00%**	55.00%	55.00%	**18,616,950**	(140,628,802)	(70,902,363)
CUBES	**51.00%**	51.00%	51.00%	**(78,251)**	(30,809,329)	(12,563,780)
				₱12,702,321	(₱166,924,104)	(₱80,858,457)

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

Summarized statement of income for 2020:

	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱479,301,585	₱241,736,071	₱–	₱–	₱–
Cost and expenses	(367,517,731)	(251,548,910)	(61,600)	(61,600)	(159,696)
Other income (charges)	(77,257,432)	(8,035,636)	–	–	–
Income (loss) before income tax	34,526,422	(17,848,475)	(61,600)	(61,600)	(159,696)
Provision for (benefit from) income tax	6,844,578	(986,353)	–	–	–
Net income (loss)	₱41,371,000	(₱18,834,828)	(₱61,600)	(₱61,600)	(₱159,696)
Net income (loss) attributable to non-controlling interest	₱18,616,950	(₱5,797,360)	(₱19,442)	(₱19,576)	(₱78,251)

Summarized statement of income for 2019:

	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱79,101,295	₱341,660,557	₱–	₱–	₱–
Cost and expenses	(188,302,041)	(318,368,046)	(61,600)	(61,600)	(62,876,181)
Other income (charges)	(230,868,454)	(1,798,215)	–	–	–
Income (loss) before income tax	(340,069,200)	21,494,296	(61,600)	(61,600)	(62,876,181)
Provision for (benefit from) income tax	27,560,751	(6,702,081)	–	–	–
Net income (loss)	(₱312,508,449)	₱14,792,215	(₱61,600)	(₱61,600)	(₱62,876,181)
Net income (loss) attributable to non-controlling interest	(₱140,628,802)	₱4,553,044	(₱19,438)	(₱19,579)	(₱30,809,329)

Summarized statement of income for 2018:

	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱182,711,039	₱294,933,829	₱–	₱–	₱–
Cost and expenses	(268,713,207)	(268,479,285)	(2,259,750)	(1,766,600)	(4,319,326)
Other income (charges)	(138,041,767)	(2,748,677)	(6,048)	(6,048)	(21,321,042)
Income (loss) before income tax	(224,043,935)	23,705,867	(2,265,798)	(1,772,648)	(25,640,368)
Provision for (benefit from) income tax	66,483,128	(11,080,530)	–	–	–
Net income (loss)	(₱157,560,807)	₱12,625,337	(₱2,265,798)	(₱1,772,648)	(₱25,640,368)
Net income (loss) attributable to non-controlling interest	(₱70,902,363)	₱3,886,079	(₱714,980)	(₱563,413)	(₱12,563,780)

Summarized statement of financial position as of December 31, 2020:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱860,039,579	₱151,183,630	₱4,964	₱–	₱–
Noncurrent assets	68,281,863	621,749,323	–	230,188,197	178,413,302
Current liabilities	(554,923,409)	(108,908,988)	(52,535,676)	(10,118,446)	(7,843,550)
Noncurrent liabilities	(96,970,157)	(28,385,910)	(75,302)	–	–
Equity (Capital deficiency)	₱276,427,876	₱635,638,055	(₱52,606,014)	₱220,069,751	₱170,569,752
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	₱160,290,035	₱435,614,232	(₱78,448,523)	₱218,323,611	₱168,672,320
Non-controlling interest	116,137,841	200,023,823	25,842,509	1,746,140	1,897,432

Summarized statement of financial position as of December 31, 2019:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱1,420,431,390	₱62,287,673	₱4,964	₱–	₱–
Noncurrent assets	137,324,066	702,284,304	–	222,498,650	172,498,650
Current liabilities	(263,026,128)	(69,737,515)	(52,375,981)	(2,367,298)	(1,867,298)
Noncurrent liabilities	(1,060,524,928)	(37,418,843)	(75,302)	–	–
Equity (Capital deficiency)	₱234,204,400	₱657,415,619	(₱52,446,319)	₱220,131,352	₱170,631,352
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	₱137,067,122	₱450,688,662	(₱78,367,079)	₱218,365,770	₱168,714,344
Non-controlling interest	97,137,278	206,726,957	25,920,760	1,765,582	1,917,008

Summarized cash flow information for year ended December 31, 2020:

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

Summarized cash flow information for year ended December 31, 2019:

	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱269,537,325	₱101,418,936	(₱84,790)	₱–	₱–
Investing	(8,156,866)	(96,571,993)	–	–	–
Financing	(239,030,573)	(9,280,001)	84,790	–	–
Net increase (decrease) in cash	₱22,349,886	(₱4,433,058)	₱–	₱–	₱–

Parent Company Shares held by a Subsidiary
On August 26, 2014, the BOD approved the buyback of shares of the Parent Company through its subsidiary, DSI. As of December 31, 2019, DSI has disposed all of its previously held shares of the Parent Company.

24. Cost of Services

	2020	2019	2018
Depreciation (Note 10)	**₱83,436,748**	₱97,277,092	₱56,109,556
Personnel cost (Note 29)	**73,579,844**	83,174,170	65,910,698
Repairs and maintenance	**32,822,359**	41,500,673	47,315,624
Professional and legal fees	**6,135,665**	5,333,778	5,248,424
Transportation and travel	**5,122,926**	7,342,103	5,069,803
Taxes and licenses	**4,631,539**	5,835,624	5,060,960
Fuel and oil	**3,410,568**	9,613,569	15,479,496
Utilities	**190,243**	–	196,884
Entertainment, amusement and recreation	**117,806**	–	2,628,961
Others	**1,145,392**	2,028,292	277,458
	₱210,593,090	₱252,105,301	₱203,297,864

25. General and Administrative Expenses

	2020	2019	2018
Personnel cost (Note 29)	**₱48,330,204**	₱39,768,056	₱44,616,109
Professional and legal fees	**44,421,791**	57,395,392	43,436,909
Commissions	**15,161,389**	18,998,256	27,269,112
Entertainment, amusement and recreation	**10,591,872**	9,049,237	2,704,124
Filing and listing fees	**9,955,246**	14,051,791	6,629,262
Depreciation and amortization (Notes 10, 12 and 31)	**9,278,110**	17,807,698	34,080,069
Rentals and utilities (Note 31)	**8,252,143**	8,894,883	6,922,411
Transportation and travel	**6,972,176**	10,244,544	5,063,294
Outside services	**5,431,678**	9,178,447	3,246,138
Taxes and licenses	**4,586,276**	14,840,595	12,216,959
Repairs and maintenance	**4,407,282**	4,136,199	569,899
Freight and handling	**1,782,285**	1,566,224	1,542,075
Supplies and materials	**766,250**	1,192,925	1,614,336
Advertising and promotions	**140,309**	408,276	965,699
Others	**8,687,409**	1,359,100	20,981,640
	₱178,764,420	₱208,891,623	₱211,858,036

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

26. Impairment Losses

	2020	2019	2018
Input VAT (Note 7)	**₱5,296,083**	₱66,000	₱4,825,197
Receivables (Note 5)	**5,113,430**	–	29,956,083
Advances to supplier (Note 7)	**1,256,703**	35,867,759	15,064,761
Property and equipment (Note 10)	–	22,595,049	–
Exclusive right to distribute (Notes 11 and 12)	–	–	105,345,829
Goodwill	–	–	2,607,116
Software	–	–	452,527
Security deposits (Note 13)	–	–	154,160
	₱11,666,216	₱58,528,808	₱158,405,673

27. Income Taxes

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

	2020	2019	2018
Current	**₱5,379,120**	₱9,764,236	₱16,636,525
Deferred	**99,111,477**	214,717,825	(71,331,391)
	₱104,490,597	₱224,482,061	(₱54,694,866)

Current income tax pertains to MCIT in 2020. In 2019, current income tax is comprised of MCIT and RCIT amounting to ₱3.06 million and ₱6.70 million, respectively. In 2018, current income tax is comprised of MCIT and RCIT amounting to ₱0.27 million and ₱16.37 million, respectively.

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

	2020	2019	2018
Income tax expense (benefit) at statutory tax rate	**₱64,359,403**	₱88,703,670	(₱128,748,523)
Tax effects of:			
Movement of deferred taxes	**31,827,812**	134,525,415	31,689,425
Nondeductible expenses	**7,642,066**	3,353,650	4,299,294
Interest expense - accretion (redemption)	**891,766**	(2,067,503)	1,201,419
Income subject to final tax	**(32,722)**	(33,171)	(37,186)
Stock issuance cost	**(197,728)**	–	–
Impairment loss on exclusive right to distribute and goodwill	–	–	36,900,705
Provision for (benefit from) income tax	**₱104,490,597**	₱224,482,061	(₱54,694,866)

Components of the Group's deferred tax assets follow:

	2020	2019
Deferred tax asset recognized in profit or loss:		
Difference in the tax base and accounting base of land and land development	**₱15,014,190**	₱15,014,190
Allowance for impairment losses on receivables	**7,104,481**	7,104,481
Pension liabilities	**5,863,643**	5,671,518
Excess of MCIT over RCIT	**7,229,946**	2,837,179
Provisions for administrative fines	**206,802**	535,800
Lease liability	**259,541**	433,327
	₱35,678,603	₱31,596,495

Components of the Group's deferred tax liabilities follow:

	2020	2019
Deferred tax liabilities recognized in profit or loss:		
Unrealized gain on fair valuation of investment property	**₱355,321,500**	₱244,945,500
Increase in fair value due to purchase price allocation	**79,740,615**	79,740,615
Gross profit on real estate sales	**68,625,444**	75,707,564
Right-of-use asset	**204,158**	405,122
Commission - PFRS 15	**242,291**	141,624
Unrealized gain on foreign exchange	**78,794**	78,794
	504,212,802	401,019,219
Deferred tax liabilities recognized in other comprehensive income:		
Remeasurement actuarial gains on defined benefit obligation	**5,134,989**	4,865,132
	₱509,347,791	₱405,884,351

Net deferred tax liabilities acquired in GLCI amounted to ₱141.00 million in 2015 (see Note 11).

In 2017, PHA and WPP entered into a contract to sell to transfer and convey PHA's investment property with a total area of 499.99 hectares, for a consideration of ₱450.00 million. Prior to the transfer, the investment property's carrying value amounted to ₱399.95 million, which is also the fair value as at December 31, 2016. As a result of the transfer, a deferred tax asset amounting to ₱15.01 million arising from the difference of the investment property's carrying amount and the cost of the transferred land in the books of WPP amounted to ₱50.05 million (see Note 9). Capital gains tax recognized by the Group amounted to ₱26.94 million in 2017, which is outstanding as of December 31, 2020 and 2019.

The Group has deductible temporary differences that are available for offset against future taxable income or income tax payable for which deferred tax assets have not been recognized. These deductible temporary differences are as follows:

	2020	2019
NOLCO	**₱386,774,049**	₱345,473,450
Allowance for impairment losses	**242,479,271**	245,358,667
Pension liabilities	**31,529,647**	21,644,917
Excess of MCIT over RCIT	**1,713,028**	1,109,257

As of December 31, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	₱204,623,263	(₱60,762,425)	₱–	₱143,860,838	2022
2018	83,274,596	–	–	83,274,596	2021
2017	57,575,591	–	(57,575,591)	–	2020
	₱345,473,450	(₱60,762,425)	(₱57,575,591)	₱227,135,434	

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2020	₱159,638,615	₱–	₱–	₱159,638,615	2025

The excess of MCIT over RCIT that can be carried forward and credited against RCIT payable follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2020	₱5,409,119	₱–	₱–	₱5,409,119	2023
2019	3,260,615	–	–	3,260,615	2022
2018	273,240	–	–	273,240	2021
2017	412,581	–	(412,581)	–	2020
	₱9,355,555	₱–	(₱412,581)	₱8,942,974	

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

28. Interest Expense

	2020	2019	2018
Loans payable (Note 15)	**₱68,769,379**	₱217,164,554	₱135,088,744
Short-term loans (Note 14)	**61,127,580**	60,032,838	19,393,174
Convertible loans (Note 18)	**33,669,773**	32,423,042	31,166,984
Installment payable (Note 17)	**8,760,215**	7,512,759	587,305
Lease liability (Note 31)	**105,713**	128,095	–
Obligation under finance lease (Note 17)	**31,692**	703,603	1,596,819
	₱172,464,352	₱317,964,891	₱187,833,026

29. Personnel Costs

	2020	2019	2018
Cost of services (Note 24):			
Salaries and wages	**₱53,040,104**	₱64,100,237	₱50,014,875
Pension expense (Note 22)	**4,346,048**	1,947,881	1,683,380
Other employee benefits	**16,193,692**	17,126,052	14,212,443
	73,579,844	83,174,170	65,910,698
General and administrative expenses (Note 25):			
Salaries and wages	**38,472,344**	31,983,863	36,214,891
Pension expense (Note 22)	**1,636,367**	1,221,912	1,358,131
Other employee benefits	**8,221,493**	6,562,281	7,043,087
	48,330,204	39,768,056	44,616,109
	₱121,910,048	₱122,942,226	₱110,526,807

30. Basic/Diluted Earnings Per Share

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

Basic/Diluted earnings per share attributable to equity holders of the Parent Company

	2020	2019	2018
Net income (loss) attributable to equity holders of the Parent Company	**₱97,338,426**	₱238,120,942	(₱293,608,419)
Weighted average number of outstanding common shares*	**2,012,450,586**	1,880,980,593	1,735,512,885
Basic earnings (loss) per share	**₱0.0484**	₱0.1266	(₱0.1692)

**The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions and new subscriptions during the year.*

	2020	2019	2018
No. of shares at the beginning of year	**1,990,480,889**	1,990,480,889	1,990,480,889
Weighted average number of Parent Company shares issued during the year	**21,969,697**	–	–
Weighted average number of Parent Company shares held by a subsidiary	–	(109,500,296)	(254,968,004)
Weighted average number of outstanding common shares	**2,012,450,586**	1,880,980,593	1,735,512,885

Diluted earnings per share attributable to equity holders of the Parent Company

	2019
Net income (loss) attributable to equity holders of the Parent Company	₱238,120,942
Interest expense attributable to convertible loans	32,423,042
	₱270,543,984
Weighted average number of outstanding common shares*	1,880,980,593
Dilutive shares attributable to convertible loans	490,940,355
	2,371,920,948
Diluted earnings per share	₱0.1141

Diluted earnings per share is computed similar to the computation of the basic earnings (loss) per share except that the net income attributable to the equity holders of the parent and the weighted average number of shares outstanding should be adjusted for the effects of all dilutive potential ordinary shares. The effect of the conversion option of the convertible loans is anti-dilutive in 2020, dilutive in 2019 and anti-dilutive in 2018. Thus, the basic and diluted earnings per share are the same both in 2020 and 2018.

31. Leases

The Group has a lease contract for office space used in its operations, which has a lease term of four (4) years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group applies the 'short-term lease' recognition exemption for these leases.

The rollforward analysis of right-of-use asset follows:

	2020	2019
Cost		
At January 1 and December 31	**₱1,968,707**	₱1,968,707
Accumulated Depreciation		
At January 1	**618,301**	–
Depreciation (Note 25)	**669,880**	618,301
At December 31	**1,288,181**	618,301
Net Book Value	**₱680,526**	₱1,350,406

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

	2020	2019
Expenses relating to short-term leases (Notes 24 and 25)	**₱2,469,674**	₱1,740,809
Depreciation expense of right-of-use assets (Note 25)	**669,880**	618,301
Interest expense on lease liabilities (Note 28)	**105,713**	128,095
	₱3,245,267	₱2,487,205

The rollforward analysis of lease liabilities follows:

	2020	2019
At January 1	**₱1,444,423**	₱1,968,707
Interest expense (Note 28)	**105,713**	128,095
Payments	**(684,999)**	(652,379)
As at December 31	**₱865,137**	₱1,444,423

As of December 31, 2020, the current and noncurrent portion of lease liabilities amounted to ₱0.19 million and ₱0.68 million, respectively. As of December 31, 2019, the current and noncurrent portion of lease liabilities amounted to ₱0.86 million and ₱0.58 million, respectively.

32. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the business activity, with each segment representing strategic unit that offers different services and serves different markets. The Group has three reportable segments as follows:

- Mining segment pertains to the operations of PGDI Group for the hauling services it provides with mining companies and the exploration activities of its mining tenements.
- Real estate segment pertains to the operations of GLCI which develops and sells innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories.
- Service contract segment pertains to the beach operations of TCNBI and to the rental of mining equipment of PGDI.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors operating results for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the consolidated financial statements. Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The financial position of the business segments for the years ended December 31, 2020 and 2019 follow:

	2020					
	Mining	**Real Estate**	**Service Contracts**	**Others**	**Eliminations**	**Total**
ASSETS						
Cash	**₱41,687,837**	**₱26,451,990**	**₱10,000**	**₱56,373,340**	**₱–**	**₱124,523,167**
Contract assets	**–**	**316,493,853**	**–**	**–**	**–**	**316,493,853**
Receivables	**16,874,099**	**11,678,486**	**17,904**	**56,203,389**	**(18,149,765)**	**66,624,113**
Real estate held for sale	**–**	**443,040,590**	**–**	**381,881,476**	**6,812,093**	**831,734,159**
Investment property	**–**	**–**	**–**	**1,666,388,000**	**–**	**1,666,388,000**
Deferred exploration costs	**403,751,500**	**–**	**–**	**–**	**–**	**403,751,500**
Goodwill and intangible assets	**–**	**–**	**–**	**3,649,512**	**15,701,805**	**19,351,317**
Property and equipment	**221,227,686**	**2,336,444**	**144,220**	**7,469,634**	**–**	**231,177,984**
Right of use assets	**–**	**–**	**–**	**680,526**	**–**	**680,526**
Deferred tax assets	**–**	**–**	**–**	**–**	**35,678,603**	**35,678,603**
Other assets	**432,243,182**	**84,801,253**	**–**	**73,344,869**	**(389,996,634)**	**200,392,670**
	₱1,115,784,304	**₱884,802,616**	**₱172,124**	**₱2,245,990,746**	**(₱349,953,898)**	**₱3,896,795,892**

(Forward)

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
LIABILITIES						
Trade and other payables	₱92,051,102	₱230,053,352	₱213,607	₱473,580,222	(₱46,970,890)	₱748,927,393
Contract liabilities	–	7,819,623	–	–	–	7,819,623
Short-term loans	–	–	–	225,962,500	–	225,962,500
Loans payable	–	311,366,820	–	–	112,498,273	423,865,093
Purchase land payable	–	5,677,930	–	461,425,000	(449,000,000)	18,102,930
Obligations under finance lease	–	–	–	528,206	–	528,206
Installment payable	17,055,586	–	–	–	–	17,055,586
Convertible loans	–	–	–	495,006,168	–	495,006,168
Lease liability	–	–	–	865,137	–	865,137
Callable loans	–	–	–	22,000,000	–	22,000,000
Pension liabilities	28,385,910	3,774,118	–	1,862,077	–	34,022,105
Dividend payable	–	–	–	39,800,000	–	39,800,000
Capital gains tax payable	–	–	–	26,940,000	–	26,940,000
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
Deferred tax liabilities	–	53,197,766	–	355,744,997	100,405,028	509,347,791
	₱137,492,598	₱611,889,609	₱213,607	₱2,216,714,307	(₱283,067,589)	₱2,683,242,532

	2019					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱20,497,410	₱50,958,677	₱10,000	₱10,096,342	₱–	₱81,562,429
Contract assets	–	673,428,567	–	–	–	673,428,567
Receivables	14,370,044	94,083,714	12,461	415,326,345	(439,219,564)	84,573,000
Real estate held for sale	–	641,989,891	–	376,755,475	6,812,093	1,025,557,459
Investment property	–	–	–	1,298,468,000	–	1,298,468,000
Deferred exploration costs	390,197,300	–	–	–	–	390,197,300
Goodwill and intangible assets	–	–	–	4,055,014	15,701,804	19,756,818
Property and equipment	294,934,443	4,693,036	722,023	10,362,450	–	310,711,952
Right of use assets	–	–	–	1,350,406	–	1,350,406
Deferred tax assets	–	–	–	–	31,596,495	31,596,495
Other assets	42,570,125	92,601,572	–	16,883,372	–	152,055,069
	₱762,569,322	₱1,557,755,457	₱744,484	₱2,133,297,404	(₱385,109,172)	₱4,069,257,495
LIABILITIES						
Trade and other payables	₱8,922,812	₱210,206,055	₱218,580	₱358,927,187	₱4,382,617	₱582,657,251
Contract liabilities	–	11,910,437	–	–	–	11,910,437
Short-term loans	–	–	–	233,025,000	–	233,025,000
Loans payable	–	992,103,643	–	86,300,000	–	1,078,403,643
Purchase land payable	–	13,335,073	–	485,025,000	(449,000,000)	49,360,073
Obligations under finance lease	–	–	–	2,360,827	–	2,360,827
Installment payable	75,456,621	–	–	–	–	75,456,621
Convertible loans	–	–	–	494,533,615	–	494,533,615
Lease liability	–	–	–	1,444,423	–	1,444,423
Callable loans	–	–	–	22,000,000	–	22,000,000
Pension liabilities	20,363,300	4,351,517	–	1,281,660	–	25,996,477
Dividend payable	–	–	–	39,800,000	–	39,800,000
Capital gains tax payable	–	–	–	26,940,000	–	26,940,000
Deferred tax liabilities	–	64,069,766		574,368	341,240,217	405,884,351
	₱104,742,733	₱1,295,976,491	₱218,580	₱1,752,212,080	(₱103,377,166)	₱3,049,772,718

The following tables regarding business segments present the revenue and profit information for the years ended December 31, 2020, 2019 and 2018.

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱241,736,071	₱479,301,585	₱1,499,950	₱–	₱–	₱722,537,606
Inter-segment	–	–	–	–	–	–
	241,736,071	479,301,585	1,499,950	–	–	₱722,537,606
Cost and Expenses	(251,658,910)	(367,517,731)	(2,324,659)	(69,119,585)		(690,620,885)
Operating Income (Loss)	(9,922,839)	111,783,854	(824,709)	(69,119,585)	–	31,916,721
Interest income	46,372	3,269,764	–	15,967	–	3,332,103
Interest expense	(8,858,752)	(68,769,379)	–	(94,836,221)	–	(172,464,352)
Impairment losses	(5,243,283)	(1,256,703)	–	(5,166,230)	–	(11,666,216)
Other income (expense) - net	6,006,827	(10,501,114)	–	367,907,375	–	363,413,088
Provision for income tax	(986,353)	6,844,578	–	(110,348,822)	–	(104,490,597)
Net Income (Loss)	(₱18,958,028)	₱41,371,000	(₱824,709)	₱88,452,484	₱–	₱110,040,747

	2019					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱340,166,458	₱79,101,295	₱4,388,324	₱–	₱–	₱423,656,077
Inter-segment	–	–	–	20,676,932	(20,676,932)	–
	340,166,458	79,101,295	4,388,324	20,676,932	(20,676,932)	423,656,077
Cost and Expenses	(318,478,046)	(188,302,041)	(3,465,688)	(70,921,755)	20,676,932	(560,490,598)
Operating Income (Loss)	21,688,412	(109,200,746)	922,636	(50,244,823)	–	(136,834,521)
Interest income	57,694	6,215,443	–	16,592	–	6,289,729
Interest expense	(7,512,759)	(217,164,554)	–	(93,287,578)	–	(317,964,891)
Impairment losses	(13,200)	–	–	(58,515,608)	–	(58,528,808)
Other income (expense) - net	5,656,850	(19,919,343)	–	816,979,883	–	802,717,390
Provision for income tax	(6,702,081)	27,560,751	–	(245,340,731)	–	(224,482,061)
Net Income (Loss)	₱13,174,916	(₱312,508,449)	₱922,636	₱369,607,735	₱–	₱71,196,838

	2018					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱294,933,829	₱182,711,039	₱2,513,813	₱45,000	₱–	₱480,203,681
Inter-segment	–	–	–	12,000,000	(12,000,000)	–
	294,933,829	182,711,039	2,513,813	12,045,000	(12,000,000)	480,203,681
Cost and Expenses	(261,911,598)	(268,713,207)	(4,319,326)	(51,338,364)	(1,387,422)	(587,669,917)
Operating Income (Loss)	33,022,231	(86,002,168)	(1,805,513)	(39,293,364)	(13,387,422)	(107,466,236)
Interest income	60,996	4,587,479	–	24,128	–	4,672,603
Interest expense	(2,774,430)	(133,991,355)	(3,600)	(51,063,641)	–	(187,833,026)
Impairment losses	(10,547,189)	(18,322,392)	(21,317,443)	(80,206,779)	(28,011,870)	(158,405,673)
Other income (expense) - net	(94,188)	9,684,500	–	10,280,278	–	19,870,590
Provision for income tax	(11,080,530)	66,483,128	–	(707,732)	–	54,694,866
Net Income (Loss)	₱8,586,890	(₱157,560,808)	(₱23,126,556)	(₱160,967,110)	(₱41,399,292)	(₱374,466,876)

Intersegment revenues are eliminated upon consolidation and reflected in the "eliminations" column.

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue from contracts with customers in 2020, 2019 and 2018 are presented below:

	2020	2019	2018
By type of goods or services			
Real estate			
Residential dwellings	**₱133,096,411**	₱150,632,959	₱213,917,271
Lots	**361,926,700**	9,920,674	7,396,670
Less:			
Cancellation of Lombard Hills	–	(46,710,526)	–
Other sales cancellation (lots)	**(15,721,526)**	(34,741,812)	(38,602,902)
Mining			
Service contracts	**240,462,752**	340,166,458	292,377,030
Service income	**2,773,269**	4,388,324	5,115,612
	₱722,537,606	₱423,656,077	₱480,203,681

Timing of Revenue Recognition

During 2020, 2019 and 2018, the Group has recognized total revenue from contracts with customers earned over time amounting to ₱722.54 million, ₱423.66 million and ₱480.20 million, respectively. The Group applied the practical expedient in recognizing revenue in the amount for which it has the right to invoice on its revenue from mining service contracts.

Contract Balances
The following tables summarize the contract balances as of December 31, 2020 and 2019:

	2020	2019
Contract assets		
Current	**₱250,548,433**	₱618,362,122
Noncurrent	**65,945,420**	55,066,445
	₱316,493,853	₱673,428,567
Contract liabilities		
Current	**₱7,819,623**	₱11,910,437

Contracts receivable from real estate sales are collectible in equal monthly principal installments in varying periods of up to 10 years. Interest rates per annum range from 8% to 16%. Titles to the residential units sold are transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

In 2020 and 2019, revenue recognized from the contract liabilities at the beginning of the year amounted to ₱14.23 million and ₱17.05 million, respectively.

Performance Obligations
The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either subdivided lots, or condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment based on a certain percentage of the contract price spread over a period at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing of up to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

33. Financial Risk Management Objectives and Policies

The Group's principal financial assets and financial liabilities comprise of loans payable and due to and from related parties. The main purpose of these financial assets and financial liabilities is to finance the Group's operations. The Group has other financial assets and financial liabilities such as trade and other receivables and trade and other payables which arise directly from its operations.

The carrying values of the Group's financial assets and financial liabilities per category are equal to the estimated fair values except for the following financial liabilities:

	2020		2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Loans and borrowings/Other financial liabilities:				
Loans payable	**₱351,365,093**	**₱350,670,700**	₱992,103,643	₱943,401,696
Convertible loans	**495,006,168**	**493,385,542**	494,533,615	446,378,123
Loans from shareholders and officers	**64,500,000**	**63,395,760**	78,300,000	75,888,990
Loans from third parties	**8,000,000**	**8,000,000**	8,000,000	8,645,505
Installment payable	**17,055,586**	**17,055,586**	75,456,621	75,911,121
Callable loans	**22,000,000**	**22,273,111**	22,000,000	21,234,939

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

Financial assets
The carrying values of receivables approximate their fair values due to the short-term nature of their related transactions.

Financial liabilities
The carrying amounts of trade and other payables approximate their fair values due to the short-term nature of the transactions.

Fair Value Hierarchy
The Group uses the following hierarchy for determining the fair value of financial assets and financial liabilities:

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

As of December 31, 2020 and 2019, there were no transfers between levels in the fair value hierarchy. The Group has no financial instruments carried at fair value based on levels 2 and 3.

The main risks arising from the Group's financial assets and financial liabilities are liquidity risk, credit risk and market risk. Exposure to these risks arises in the normal course of business activities.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The BOD reviews and approves actions for managing each of these risks which are summarized below:

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

The major liquidity risk confronting the Group pertains to the daily calls on its available cash resources in respect of claims arising from trade and other payables and the maturity of loans payable. In this regard, the Group maintains a level of cash deemed sufficient to finance its operations.

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities at December 31, 2020 and 2019 based on contractual undiscounted future payments. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

	2020			
	<120 days	121-360 days	>360 days	Total
Financial liabilities:				
Trade and other payables**	**₱439,493,541**	**₱–**	**₱–**	**₱439,493,541**
Short-term loans*	**206,287,500**	**52,926,250**	**–**	**259,213,750**
Loans payable*	**276,774,915**	**47,017,126**	**47,549,078**	**371,341,119**
Loans from third parties*	**–**	**–**	**8,640,000**	**8,640,000**
Loans from officers and shareholders*	**–**	**–**	**70,660,000**	**70,660,000**
Purchased land payable	**18,102,930**	**–**	**–**	**18,102,930**
Installment payable*	**19,809,064**	**–**	**–**	**19,809,064**
Obligation under finance lease	**528,206**	**–**	**–**	**528,206**
Convertible loan*	**309,120,128**	**5,290,646**	**100,035,393**	**414,446,167**
Lease liability*	**355,292**	**363,957**	**181,979**	**901,228**
Callable loans*	**880,000**	**15,880,000**	**7,560,000**	**24,320,000**
Cash dividends payable	**2,950,000**	**–**	**–**	**2,950,000**
	₱1,274,301,576	**₱121,477,979**	**₱234,626,450**	**₱1,630,406,005**
Financial assets:				
Cash	**₱124,523,167**	**₱–**	**₱–**	**₱124,523,167**
Receivables				
Contracts receivables	**24,735,281**	**–**	**–**	**24,735,281**
Trade	**12,180,934**	**–**	**–**	**12,180,934**
Others	**1,087,037**	**–**	**–**	**1,087,037**
Other noncurrent assets				
Receivable from PAGCOR	**–**	**–**	**3,042,702**	**3,042,702**
Security deposits	**852,022**	**–**	**–**	**852,022**
	₱163,378,441	**₱–**	**₱3,042,702**	**₱166,421,143**

**Includes future interest*
***Excludes statutory and other nonfinancial liabilities amounting to ₱309.43 million*

	2019			
	<120 days	121-360 days	>360 days	Total
Financial liabilities:				
Trade and other payables	₱436,572,494	₱–	₱–	₱436,572,494
Short-term loans*	218,273,916	24,267,416	–	242,541,332
Loans payable*	771,961,954	46,229,857	305,339,394	1,123,531,205
Loans from third parties*	–	–	93,197,583	93,197,583
Loans from officers and shareholders	–	–	84,460,000	84,460,000
Purchase land payable	49,360,073	–	–	49,360,073
Installment payable*	17,579,610	49,581,641	19,809,064	86,970,315
Obligation under finance lease*	3,064,430	–	–	3,064,430
Convertible loan*	123,667,001	23,216,305	325,084,372	471,967,678
Lease liability*	717,023	96,071	1,029,323	1,842,417
Callable loans*	593,185	1,196,148	23,524,000	25,313,333
Cash dividends payable	2,950,000	–	–	2,950,000
	₱1,624,739,686	₱144,587,438	₱852,443,736	₱2,621,770,860
Financial assets:				
Cash	₱81,562,429	₱–	₱–	₱81,562,429
Receivables				
Contracts receivables	35,214,920	–	–	35,214,920
Trade	5,254,712	–	–	5,254,712
Others	950,509	–	–	950,509
Other noncurrent assets				
Receivable from PAGCOR	–	–	3,042,702	3,042,702
Security deposits	–	–	852,022	852,022
	₱122,982,570	₱–	₱3,894,724	₱126,877,294

**Includes future interest*
***Excludes statutory and other nonfinancial liabilities amounting to ₱146.09 million*

b. *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit risks are primarily attributable to cash in banks, receivables, due from related parties and security deposits. The Group's receivables and due from related parties are monitored on an ongoing basis.

With respect to credit risk arising from cash in banks, receivables, due from related parties, and other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The tables below show the credit quality of the Group's financial assets:

	2020					
	Neither past due nor impaired					
	High Grade	Medium Grade	Total	Past due but not impaired	Impaired	Total
Cash in banks	₱123,538,336	₱–	₱123,538,336	₱–	₱–	₱123,538,336
Receivables						
Contract receivables	24,735,281	–	24,735,281	–	1,834,079	26,569,360
Trade	–	8,930,119	8,930,119	3,250,815	1,787,649	13,968,583
Others	1,087,037	–	1,087,037	–	5,847,501	6,934,538
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱149,360,654	₱9,782,141	₱159,142,795	₱6,293,517	₱9,469,229	₱174,905,541

	2019					
	Neither past due nor impaired					
	High Grade	Medium Grade	Total	Past due but not impaired	Impaired	Total
Cash in banks	₱78,831,776	₱–	₱78,831,776	₱–	₱–	₱78,831,776
Receivables						
Contracts receivables	35,214,920	–	35,214,920	–	1,215,350	36,430,270
Trade	2,373,632	2,881,080	5,254,712	–	4,733,046	9,987,758
Others	950,509	–	950,509	–	–	950,509
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱117,370,837	₱3,733,102	₱121,103,939	₱3,042,702	₱5,948,396	₱130,095,037

An aging of the Group's past due or individually impaired receivables as of December 31, 2020 and 2019 is as follows:

	2020				
	Past Due but not Impaired				
	<120 days	**121-360 days**	**>360 days**	**Impaired Financial Assets**	**Total**
Receivables					
Contacts receivable	**₱24,735,281**	**₱–**	**₱–**	**₱1,834,079**	**₱26,569,360**
Trade	**12,180,934**	**–**	**–**	**1,787,649**	**13,968,583**
Others	**1,087,037**	**–**	**–**	**5,847,501**	**6,934,538**
Receivable from PAGCOR	**–**	**–**	**3,042,702**	**–**	**3,042,702**
	₱38,003,252	**₱–**	**₱3,042,702**	**₱9,469,229**	**₱50,515,183**

	2019				
	Past Due but not Impaired				
	<120 days	121-360 days	>360 days	Impaired Financial Assets	Total
Receivables					
Contacts receivable	₱35,214,920	₱–	₱–	₱1,215,350	₱36,430,270
Trade	5,254,712		–	4,733,046	9,987,758
Others	950,509	–	–	–	950,509
Receivable from PAGCOR	–	–	3,042,702	–	3,042,702
	₱41,420,141	₱–	₱3,042,702	₱5,948,396	₱50,411,239

The Group has determined that the credit quality of all neither past nor impaired financial assets as of December 31, 2020 and 2019 are classified as high grade based on the following:

Cash - based on the financial and credit standing of the counterparty.

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment. All receivables are deemed high grade by the Group.

Security deposits - based on the credit standing/reputation of counterparty.

An impairment analysis is performed at each reporting date using the vintage analysis to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, receivables are written-off if the financial asset can no longer be recovered. The expected credit loss amounted to ₱31.32 million and ₱34.26 million as at December 31, 2020 and 2019, respectively.

c. *Market risk*
Market risk is the risk of loss to future earnings, fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, equity prices, foreign currency exchange rates and other market changes.

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments. The Group has interest bearing loans with floating interest rate subject to repricing amounting to ₱230.29 million and ₱329.45 million as of December 31, 2020 and 2019, respectively.

The Group's loans payable to local banks subject to local banks subject to floating rates are exposed to cash flow interest rate risk. The re-pricing of these instruments is done on intervals of three months.

The following table demonstrates the sensitivity of income before income tax at December 31, 2020 and 2019 due to a reasonably possible change in interest rates, with all other variables held constant.

	Increase (Decrease)	Effect on Income before Income tax
2020	**4.03%**	**₱8,877,687**
	-4.03%	**(8,877,687)**
2019	5.12%	₱16,867,776
	-5.12%	(16,867,776)

34. Notes to Consolidated Statements of Cash Flows

The following table summarizes the changes in liabilities arising from financing activities:

		2020				
		Non-cash transactions		Cash transactions		
	January 1, 2020	Sale in exchange of loans	Interest accretion	Proceeds	Payments	December 31, 2020
Convertible loans	₱494,533,615	₱–	₱4,972,553	₱–	(₱4,500,000)	₱495,006,168
Loans payable	992,103,643	(397,482,489)	–	–	(243,256,061)	351,365,093
Short-term loans	233,025,000	–	–	–	(7,062,500)	225,962,500
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
Callable loans	22,000,000	–	–	–	–	22,000,000
Lease liability	1,444,423	–	105,713	–	(684,999)	865,137
Obligations under finance lease	2,360,827	–	–	–	(1,832,621)	528,206
	₱1,745,467,508	(₱397,482,489)	₱5,078,266	₱113,000,000	(₱257,336,181)	₱1,208,727,104

		2019				
		Non-cash transactions		Cash transactions		
	January 1, 2019	Adoption of PFRS 16	Interest accretion	Availments	Payments	December 31, 2019
Convertible loans	₱515,425,292	₱–	(₱6,891,677)	₱–	(₱14,000,000)	₱494,533,615
Loans payable	1,041,263,317	–	–	–	(49,159,674)	992,103,643
Short-term loans	217,720,000	–	–	31,500,000	(16,195,000)	233,025,000
Callable loans	15,000,000	–	–	7,000,000	–	22,000,000
Lease liability	–	1,968,707	128,095	–	(652,379)	1,444,423
Obligations under finance lease	7,822,404	–	–	–	(5,461,577)	2,360,827
	₱1,797,231,013	₱1,968,707	(₱6,763,582)	₱38,500,000	(₱85,468,630)	₱1,745,467,508

		2018			
		Non-cash transaction	Cash transactions		
	January 1, 2018	Interest accretion	Availments	Payments	December 31, 2018
Convertible loans	₱572,920,562	₱4,004,730	₱–	(₱61,500,000)	₱515,425,292
Loans payable	974,456,791	–	356,423,676	(289,617,150)	1,041,263,317
Short-term loans	182,925,000	–	92,320,000	(57,525,000)	217,720,000
Callable loans	–	–	15,000,000	–	15,000,000
Obligations under finance lease	34,746,203	–	930,450	(27,854,249)	7,822,404
	₱1,765,048,556	₱4,004,730	₱482,030,626	(₱440,298,063)	₱1,797,231,013

35. Agreements

Service Contracts

Cagdianao Mining Corporation (CMC)

In December 2014, the Group entered into a Saprolite Mining Contract with CMC for the hauling and extraction of mineral ores in Municipality of Cagdianao, Province of Dinagat Islands. The Contract shall be for a period of three years, from January 1, 2015 to December 31, 2017, which may be extended by written mutual agreement of the parties.

If the Group fails to deliver the required tonnage, CMC shall impose a penalty upon the Group computed based on the required WMT multiplied by $0.50 per WMT of materials not delivered.

In April 2018, the Group renewed its agreement with CMC effective April 1, 2018 to October 31, 2018. Under the scope of work indicated in the contract, the Group shall perform mining services which include loading and hauling, road and bench maintenance and barge loading services.

In May 2019, the Group has secured a 3-year contract with CMC covering the periods of 2019 until 2021, with the Group rendering services to CMC starting March 1 until October 31 of each year. The Group shall render mining services that include loading and hauling, road and bench maintenance, barge loading services and rental of heavy equipment.

BenguetCorp Nickel Mines, Inc. (BNMI)

In April 2015, the Group entered into a Mining Services Agreement with Arrow Freight Corporation (AFC) for the extraction of nickel ore and other mineral products from BNMI mine pit to designated dumping, stockyards and stockpile areas and the provision of other necessary equipment including manpower and consumables such as fuel and oil, as maybe specified by AFC from time to time in accordance with the need of the project. The agreement shall be valid for a period of three (3) years starting April 1, 2015 and ending December 31, 2017, which may be renewed upon mutual consents of the parties.

As of December 31, 2018, the Group has not renewed its mining services contract with BNMI due to BNMI's suspension of operations.

Mining related services recognized by the Group amounted to nil, ₱341.17 million and ₱294.93 million, in 2020, 2019 and 2018, respectively. This includes equipment rental amounting to nil, ₱2.89 million and ₱2.56 million in 2020, 2019 and 2018, respectively.

Joint Operation
In 2008, GLCI has entered into a Joint Venture Agreement (JVA) with certain landowners, for the development of certain lots. Pursuant to the JVA, the landowners shall contribute the title and their interest to the lots and the Group, in turn, shall provide the necessary cash and expertise to undertake and complete the implementation of the residential project development as development manager and as exclusive marketing agent of the project. The Group shall pay the landowners their share in net proceeds after deducting a marketing fee equivalent to 15.0% of the selling price.

Details of the sharing agreement follow:

Project	Area (in sq.m.)	Location	Landowner's Share in Net Proceeds
Summerfields Subdivision	47,360	La Trinidad, Benguet	15.00%
North Cambridge Subdivision	10,892	Baguio City	10.00%
Courtyards Condominium	18,517	Lucban, Baguio City	12.00%

On December 20, 2018, the landowners and the Group entered into a Memorandum of Agreement (MOA) to revise the terms of the profit-sharing arrangement in the MOA dated June 4, 2015. In this regard, the landowners and the Group agreed to cancel the sharing effective immediately subject to any further terms the parties may agree upon.

Letter Agreement
On December 24, 2019, PGDI entered into an agreement, which was further amended on January 22, 2020, with another entity that intends to put up or establish a cement plant with power plant, port and limestone quarry in Palawan.

As of December 31, 2020, the Group is currently under negotiation to finalize the sale of PHMIC and PSMVI, in relation to this Letter Agreement.

36. Registration with Board of Investments

CUBES
CUBES is registered with the BOI as a new operator of Thermo Chilling System under the heading Energy Efficiency Projects of the 2014 IPP on a Non-Pioneer Status under the provision of Executive Order (EO) No. 226, otherwise known as the *Omnibus Investments Code of 1987.*

Under CUBES' registration, it is entitled to certain tax and nontax incentives which include, among others, ITH for four (4) years from November 2015 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration.

The ITH incentives shall be limited only to the revenues generated from the new activity.

Under the terms of CUBES' registration, it is subject to certain requirements, principally that of following a specified sales volume and sales revenue schedule and securing prior permission from the BOI before performing certain acts.

Under CUBES' application with the BOI, it can avail of a bonus year in each of the following cases but the aggregate ITH availment (basic and bonus years) shall not exceed eight (8) years:

a. The ratio of the total imported and domestic capital equipment to the number of workers for the project does not exceed US$10,000 to one (1) worker;

b. The net foreign exchange savings or earnings amount to at least US$500,000 annually during the first three (3) years of operation; and

c. The indigenous raw materials used in the manufacture of the registered product must at least be fifty (50%) of the total cost of raw materials for the preceding years prior to the extension unless the BOI prescribes a higher percentage.

In May 2017, due to operational issues, CUBES' operations was discontinued and was put on hold. As of December 31, 2020, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

37. Subsequent Events

COVID-19 Pandemic
On March 27, 2021, the Presidential Spokesperson has announced that Enhanced Community Quarantine will be implemented in the NCR+ "bubble" covering the NCR, Bulacan, Rizal, Cavite and Laguna starting March 29, 2021 until April 4, 2021 and subsequently extended until May 14, 2021 as approved by the President. Thereafter, NCR+ is placed under General Community Quarantine with heightened restrictions effective from May 15 to May 31, 2021.

Considering the evolving nature of the pandemic, the Group will continue to monitor the situation and adopt appropriate risk management procedures and business continuity strategies in order to mitigate the adverse impact of the pandemic.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%;

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and

- Improperly accumulated earnings tax of 10% will be repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, entities within the Group would have been subjected to lower regular corporate income tax rate of either 25% or 20% RCIT and/or 1% MCIT effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 amounting to ₱1.34 million which will be reflected in the 2020 annual income tax return but will only be recognized for financial reporting purposes in the 2021 financial statements.

- This will result in lower deferred tax assets and liabilities as of December 31, 2020 for the year then ended by ₱5.84 million and ₱84.90 million, respectively. These reductions will be recognized in the 2021 financial statements.

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and its Subsidiaries (the Group) as at and for the years ended December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated May 27, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of the Group. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

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

May 27, 2021

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

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 27, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

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

May 27, 2021

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

Supplementary Schedules to the Financial Statements Required Under Securities Regulation Code Rule 68, As Amended (2018)
For the year ended December 31, 2020

and

Independent Auditors' Report

Philippine Peso

SEC Number **147584**

File Number ______

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

(Company's Full Name)

Metro Manila, Philippines

(Company's Address)

(02) 632 - 7714

(Telephone Number)

December 31

(Year Ending)
(month & day)

Supplementary Schedules to the Financial Statements

Form Type

______

Amendment Designation (If applicable)

December 31, 2020

Period Ended Date

______

(Secondary License Type and File Number)

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Supplementary Schedules Required
By the Securities and Exchange Commission
As of and for the Year Ended December 31, 2020

TABLE OF CONTENTS

NA: NOT APPLICABLE

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule A - Financial Assets
December 31, 2020

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/ Notes	Valued Based on Market Quotations at Balance Sheet Date	Income Received and Accrued (including Dividends Received)
Loans and receivables				
Cash	₱–	₱124,523,167	₱–	₱–
Receivables	–			
Contract receivables	–	24,735,281	–	–
Contract assets		294,646,332		
Trade	–	12,180,934		
Others	–	1,087,037	–	–
Other noncurrent assets				
Receivable from PAGCOR	–	3,042,702	–	–
Security deposits	–	852,022	–	–
	₱–	**₱461,067,475**	**₱–**	**₱–**

See Note 7 and 13 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule B - Amounts Receivables from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2020

Name of Debtor	Beginning Balance	Additions	Collections	Ending Balance		
				Current	Non-Current	Total
Advances to officers and employees	₱71,466,610	₱–	(₱20,998,228)	₱50,468,382	₱–	₱50,468,382

See Note 5 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
December 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Balance at End of Period		
					Current	Non-Current	Total
Premiere Horizon Alliance Corporation	₱179,450,187	₱128,939,904	₱–	–	₱308,390,091	–	₱308,390,091
Goshen Land Capital Inc.	15,398,310	–	(15,398,310)	–	–	–	–
Premiere Georesources and Development Inc. (PGDI)	3,114,200	–	(3,114,200)	–	–	–	–
West Palawan Premiere Development Corp. (WPP)	21,823,078	33,851,484	–	–	55,674,560	–	55,674,560
Treasure Cove Nagtabon Inc. (TCNBI)	3,227,593	266,381	–	–	3,493,974	–	3,493,974
Concepts Unplugged Business Environment Solutions Inc. (CUBES)	709,413	231,824	–	–	941,237	–	941,237
PH Big Bounty Entertainment Inc. (PHBBEI)	85,647	118,048	–	–	203,695		203,695
PH Agriforest Corporation (PAC)	929,754	411,336	–	–	1,341,090	–	1,341,090
PH Business Services Inc. (PHBSI)	833,077	350,603	–	–	1,183,680	–	1,183,680
PH Mining and Development Corporation (PHMDC)	14,339,023	71,986	–	–	14,411,009	–	14,411,009
Digiwave Solutions Inc.	500	7,062,362	–	–	7,062,862	–	7,062,862
Palawan Star Mining and Ventures Inc.							
(forward)	–	5,864,652	–	–	5,864,652	–	5,864,652

Pyramid Hill Mining and Development Inc.	–	7,689,548	–	–	7,689,548	–	7,689,548
	₱233,910,772	₱184,858,118	₱ 18,512,510	–	₱ 406,256,398	–	₱406,256,398

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule D - Intangible Assets - Other Assets
December 31, 2020

Description	Beginning Balance	Additions at Cost	Deductions / Amortizations		Other Charges– Additions (Deductions)	Ending Balance
			Charged to cost and Expenses	Charged to Other Accounts		
Film rights	₱4,055,014	–	405,501	–	–	₱3,649,513
Goodwill (including provisional goodwill)	15,701,804	–	–	–	–	15,701,804
Intangible assets	₱19,756,818	–	₱405,501	₱–	₱–	₱19,351,817

See Note 12 of the Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule E - Long-Term Debt
December 31, 2020

Name of Issuer and Type of Obligation	Amount Authorized By Indenture	Amount Shown as Current	Amount Shown as Long-term	Total
Loans Payable				
BPI Family Savings Bank	₱3,725,608	₱3,206,714	₱518,894	₱3,725,608
Security Bank Savings	34,901,190	13,733,658	21,167,532	34,901,190
Other Financing Institutions	100,087,314	81,775,467	18,311,847	100,087,314
Loans and Advances				
Andres Del Rosario	25,400,000		25,400,000	25,400,000
Augusto Antonio Serafica	17,600,000		17,600,000	17,600,000
Manolo Tuason	8,000,000	7,500,000	500,000	8,000,000
Meletina G. Aquino	6,000,000		6,000,000	6,000,000
Raul Ma. F. Anonas	14,675,000	4,675,000	10,000,000	14,675,000
Katryn Yu Cheng Se	8,000,000		8,000,000	8,000,000
Callable Loans-KSK SMP Corp	22,000,000	15,000,000	7,000,000	22,000,000
Convertible Loans				
Philippine Business Bank, Inc. - and Investment Center	55,000,000		54,635,393	54,635,393
Augusto Antonio Serafica Jr.	40,000,000		40,000,000	40,000,000
	₱1,635,451,023	₱779,639,508	₱901,607,487	₱1,635,451,023

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2020

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

NONE TO REPORT

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule G - Guarantees of Securities and Other Issuers
December 31, 2020

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee

NONE TO REPORT

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Schedule H - Capital Stock
December 31, 2020

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding (Net of Treasury Shares)	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Common stock- ₱0.25 par value						
Authorized	2,254,224,000	–	–	–	–	–
Issued		2,254,117,253	–	–	–	–
Subscribed	–	–	–	–	–	–
Treasury	–	–	–	–	–	–
Shares reserved for conversion	–	–	–	–	–	–

See Note 23 of the Consolidated Financial Statements.

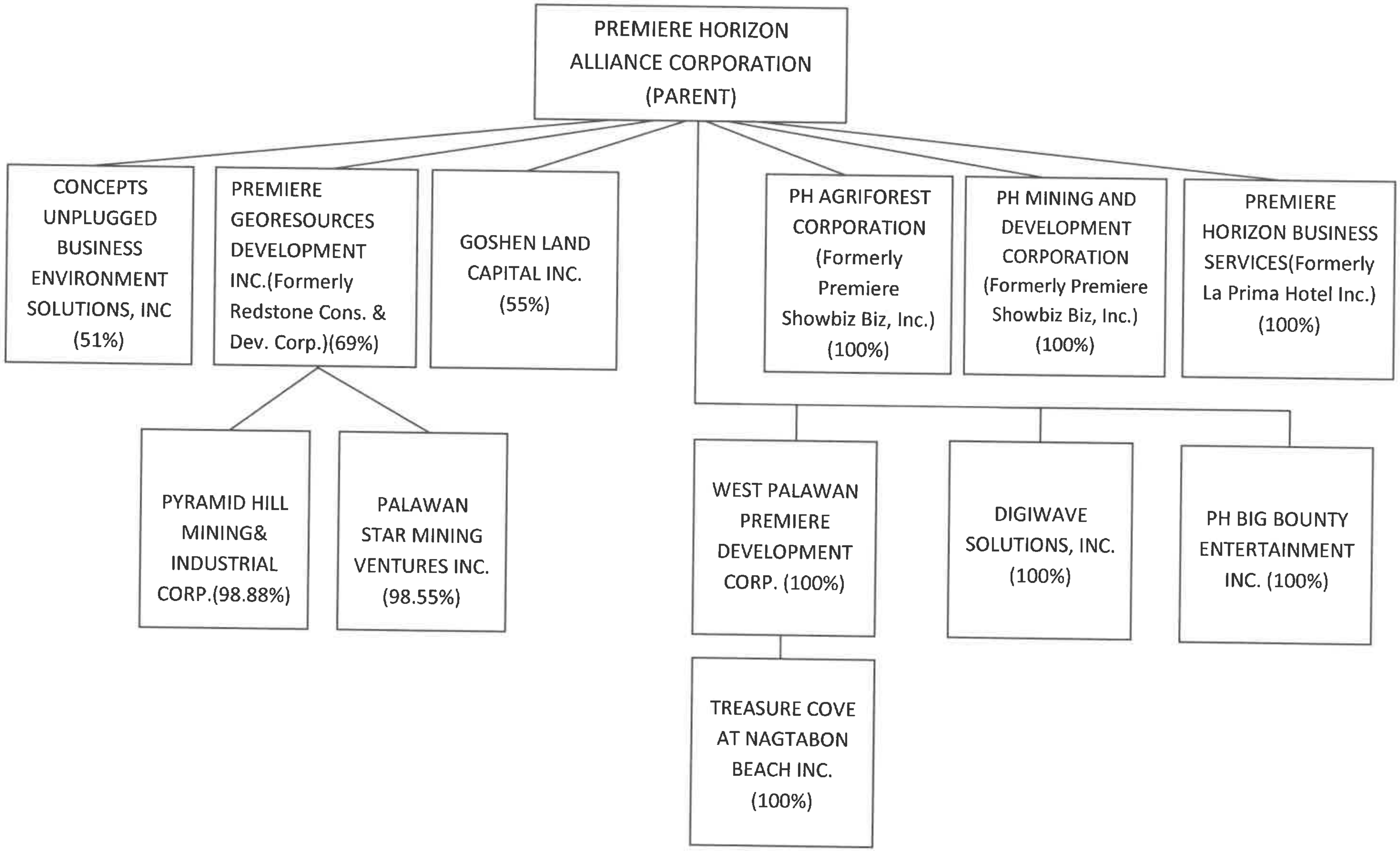
PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Supplemental Schedule of Retained Earnings Available for Dividend Declaration
December 31, 2020

Unappropriated Retained Earnings	**(₱641,032,450)**
Add: Net Income during the period to RE	110,040,747
Less: Unrealized gain on revaluation on land, net of deferred tax asset	(257,544,000)
Net loss actually incurred during the period	(147,503,253)
Unappropriated Retained Earnings, as adjusted	**(₱788,535,703)**

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
KEY FINANCIAL INDICATORS

	AUDITED, DECEMBER 31		
	2020	**2019**	**CHANGE**
1. Current Ratio or Working Capital Ratio			
Total Current Assets / Total Current Liabilities	1,460,012,760 / 1,925,553,482	1,994,358,861 / 1,884,933,871	
	0.76	**1.03**	**(0.27)**
2. Solvency Ratio			
Total Assets / Total Liabilities	3,896,795,892 / 2,683,242,532	4,069,257,495 / 3,049,772,718	
	1.45	**1.33**	**0.12**
3. Debt to Equity Ratio			
Total Liabilities / Stockholder's Equity	2,683,242,532 / 1,213,553,360	3,049,772,718 / 1,019,484,777	
	2.21	**2.99**	**(0.78)**
4. Debt Ratio			
Total Liabilities / Total Assets	2,683,242,532 / 3,896,795,892	3,049,772,718 / 4,069,772,718	
	0.69	**0.75**	**(0.06)**
5. Return on Assets			
Net Income / Total Assets	110,040,747 / 3,896,795,892	71,196,838 / 4,069,257,495	
	0.03	**0.02**	**0.01**
6. Asset to Equity Ratio			
Total Assets / Stockholder's Equity	3,896,795,892 / 1,213,553,360	4,069,257,495 / 1,019,484,777	
	3.21	**3.99**	**(0.78)**
7. Times Interest Earned			
Earnings before interest and taxes / Interest	386,995,696 / 172,464,352	613,643,790 / 317,964,891	
	2.24	**1.93**	**0.31**

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Map of the relationship of the companies within the group
For the year ended December 31, 2020



COVER SHEET

1 4 7 5 8 4

SEC Registration Number

PREMIERE HORIZON ALLIANCE CORPORATION

(Company's Full Name)

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

RAUL MA. F. ANONAS

Contact Person

Tel No. 8632-7715

Company Telephone Number

SEC FORM 17-Q

1 2 / 3 1

Month Day

Fiscal Year

FORM TYPE

0 5

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2021**

2. Commission identification number: **147584**

3. BIR Tax Identification No.:**002-727-376-000**

4. Exact name of registrant 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 registrant's principal office: Postal Code

Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. **1605**

8. Registrant's telephone number, including area code: **(02) 632-7714 to 15**

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

NOT APPLICABLE

10. Securities registered pursuant to Sections 8 &12 of the Code, or Sections 4 & 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	5,096,541,496 COMMON SHARES 2,254,117,253 issued and listed

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

Yes [X] No [ ] (Please refer to item 10.)

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ] Not applicable - issuer has less than 100 holders of securities

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

Yes [X] No [ ] Not applicable - issuer has less than 100 holders of securities

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements

The Unaudited Financial Statements as of and for the period ended September 30 2021 are attached to this Report.

1. The accompanying financial statements are prepared in accordance with the generally accepted accounting principles in the Philippines.
2. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company and its subsidiaries use the following key performance indicators: 1) **revenues**; 2) **gross profit / loss**; 3) **gross profit ratio** (computed as gross profit divided by the gross revenues); 4) **net income / loss;** 5) **net profit ratio** (computed as net profit divided by the gross revenues); 6) **net profit attributable to parent**; 7)**12 months trailing net income (loss)** (computed as year to date net income (loss) plus net income of the latest annual income minus the previous year to date net income (loss); 8)**12 months trailing net income (loss) per share** (computed as 12 months trailing net income (loss) divided by weighted average number of shares);9) **debt-to-equity ratio** (computed as total liabilities divided by total Stockholders' Equity); 10) **current ratio** (computed as total current assets divided by total current liabilities); 11) **debt ratio** (computed as total liabilities divided by total assets); and 12) **return on investment** (computed as net income divided by investment).

		September 30, 2021	**September 30, 2020**	**Inc/(Dec)**
1.	Revenues	Php266,392	Php306,407	(40,015)
2.	Gross Profit / Loss	Php71,291	Php107,432	(36,141)
3.	Gross Profit/Loss Ratio	26.76%	35.06%	(8.30%)
4.	Net Profit / Loss	Php(76,233)	Php(109,916)	33,683
5.	Net Profit / Loss Ratio	(28.62%)	(35.87%)	7.25%
6.	Net Profit / Loss attributable to Parent	Php(66,802)	Php(103,305)	36,503

7.	12 months trailing net income (loss)	Php143,724	Php195,985	(52,261)
8.	Trailing 12months earnings(loss) per share basic	0.03	0.10	(0.07)
		September 30, 2021	**December 31, 2020**	**Inc/(Dec)**
9.	Debt -to- Equity Ratio	1.59:1	2.21:1	(0.62)
10.	Current Ratio	0.83:1	0.76:1	0.07
11.	Debt Ratio	0.61:1	0.69:1	(0.08)
12.	Return on Assets	(0.02:1)	0.03:1	(0.05)

During the nine-month period ended September 30, 2021 the Group generated gross revenues of Php266,392 thousand broken down into Php109,910 thousand from real estate sales and Php156,481 thousand from mining related services.

Gross profit in the nine-month period ended September 30, 2021 and 2020 amounted to Php71,291 thousand and Php107,432 thousand, respectively, which shows a decrease of Php36,141 thousand or 8%.

The Group's net loss attributable to the equity holder of the parent in the nine-month period ended September 30, 2021and 2020 amounted to Php66,802 thousand and Php103,305 thousand, respectively, which shows a decrease of Php36,503 thousand or 35%.

The Group's 12 months trailing net income(loss) in the nine-month period ended September 30, 2021and 2020 amounted to Php143,724 thousand and Php195,985 thousand, respectively, which shows a decrease of Php52,261 thousand or 27%.

The Group's trailing net income (loss) per share in the nine-month period ended September 30, 2021 and 2020 amounted to 0.03 and 0.10, respectively, which shows a decrease of 0.07.

The Debt-to-Equity Ratio is 1.59:1 and 2:21:1 in the 3rd quarter of 2021 and December 31, 2020, respectively.

The Current Ratio is 0.83:1 and 0.76:1 in the 3rd quarter of 2021 and December 31, 2020, respectively.

The Debt Ratio is 0.61:1 and 0.69:1 in the 3rd quarter of 2021 and December 31, 2020, respectively.

The Return on Assets is -0.02:1 and 0.03:1 in the 3rd quarter of 2021 and December 31, 2020, respectively.

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

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

The following are the causes for the material changes, i.e. those amounting five percent (5%) of the relevant accounts or such lower amount, between this period versus the previous, on a vertical and horizontal basis of analyses:

Financial Position

- ***Cash –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php67,355 thousand and Php124,523 thousand, respectively, which shows a decrease of Php57,168 thousand or 46%. Cash used in operating activities amounted to Php124,098 thousand; cash provided by Investing activities amounted to Php570 thousand; while cash provided by financing activities amounted to Php66,360 thousand. The said cash flows represent the net decrease during the reporting period.

- ***Contract Assets –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php197,609 thousand and Php316,494 thousand, respectively, which shows a decrease of Php118,885 thousand or 38%. The decrease primarily came from collections during the reporting period. Current portion of this account as of September 30, 2021 amounted to Php131,664 thousand. Noncurrent portion of this account as of September 30, 2021 amounted to Php65,945.

- ***Receivables, net –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php83,075 thousand and Php66,624 thousand, respectively, which shows an increase of Php16,451 thousand or 25%. The increase primarily came from the additional receivables during the reporting period.

- ***Other assets*** – As of September 30, 2021 and December 31, 2020, this account amounted to Php235,987 thousand and Php200,392 thousand, respectively, which shows an increase of Php35,595 thousand or 18%. The net increase primarily came from the additional advances received during the reporting period. Current portion of this account as of September 30, 2021 amounted to Php223, 867 thousand. Noncurrent portion of this account as of September 30, 2021 amounted to Php12,120 thousand.

- ***Property and equipment, net –*** As of September 30, 2021 and December 31, 2020, this account amounted to Php168, 744 thousand and Php231, 178 thousand, respectively, which shows a decrease of Php62, 434 thousand or 27%. The decrease primarily came from depreciation expenses.

- **Other non-current assets** – As of September 30, 2021 and December 31, 2020, this account amounted to Php12,120 thousand and Php13,809 thousand, respectively, which shows a decrease of Php1,689 or 12% due to reclassification of non-current input tax to current assets.

- **Trade and other payables** – As of September 30, 2021 and December 31, 2020, this account amounted to Php608,843 and Php748,927 thousand, respectively which shows a decrease of Php140,084 or 19%. The decrease primarily came from payments made during the reporting period.

- **Contract Liabilities- –** As of September 30, 2021 and December 31, 2020, this account amounted to Php13,951 thousand and Php7,820 thousand respectively which shows an increase of Php6,131 or 78%. The Increase primarily came from the additional advances and buyers deposit during the 3rd quarter of 2021.

- **Short-term debt-** As of September 30, 2021 and December 31, 2020, this account amounted to Php159,552 and Php225,963 thousand, respectively which shows a decrease of Php66,410 or 29%. The decrease primarily came from debt payments made during the reporting period.

- **Purchased land payable**- As of September 30, 2021 and December 31, 2020, this account amounted to Php5,678 thousand and Php18,103 thousand, respectively which shows a decrease of Php12,425 thousand or 69%. The decrease primarily came from payments made during the reporting period.

- ***Loans payable* –** As of September 30, 2021 and December 31, 2020, this account amounted to Php278,352 thousand and Php351,365 thousand, respectively, which shows a decrease of Php73,013 thousand or 21%. The decrease primarily came from the payment of loans during the reporting period. Current portion of this account as of September 30, 2021 amounted to Php238, 354 thousand. Noncurrent portion of this account as of September 30, 2021 amounted to Php39, 998.

- ***Obligations under finance lease* –** As of September 30, 2021 and December 31, 2020, this account amounted to Php175 thousand and Php528 thousand, respectively, which shows a decrease of Php353 thousand or 67%. The decrease primarily came from payments made during the reporting period.

- **Convertible loans –** As of September 30, 2021 and December 31, 2020, this account amounted to Php100,000 thousand and Php495,006 thousand respectively, which shows a decrease of Php395,006 or 80%. The decrease primarily came from the conversion of convertible notes to shares at seventy (Php0.70) cents per share. This is pending confirmation from SEC.

- ***Deposit for future stock subscription* –** As of September 30, 2021, and December 31, 2020, this account amounted to Php408,249 and Php113,000 thousand, respectively, which shows an increase of Php295,249 thousand or 261%. The increase primarily came from convertible notes conversion to equity that is pending confirmation from SEC.

Performance

- ***Revenues* -** The Group's revenues in the nine-month period ended September 30, 2021 and 2020 amounted to Php266,392 thousand and Php306,407 thousand, respectively, which shows a decrease of Php40,015 thousand or 13%.

  Revenue from real estate sales amounted to Php109,910 thousand and Php73,457 thousand, respectively, which shows an increase of Php36,453 thousand or 50%. The increase came from recognition of new real estate sales.

  Revenue from the mining related services in the nine-month period ended September 30, 2021 and 2020 amounted to Php156,481 thousand and Php232,950 thousand, respectively, which shows a decrease of Php76,469 thousand or 33%. The decrease came from slowdown and disruptions in operations due to COVID19 restrictions.

- ***Cost of real estate sold* –** The Group's cost of real estate sold in the nine-month period ended September 30, 2021 and 2020 amounted to Php58,046 thousand and Php42,328 thousand, respectively, which shows an increase of Php15,718 thousand or 37%. The costs of real estate sold increased due to the new sales recognized during the reporting period.

- ***Cost of services*** **–** The Group's cost of services in the nine-month period ended September 30, 2021 and 2020 amounted to Php137,055 thousand and Php156,647 thousand, respectively, which shows a decrease of Php19,592 thousand or 13%. The Cost of services decreased due to the lower direct operating costs incurred in the reporting period.

- ***Professional and legal fees*** **–** The Group's professional and legal fees in the nine-month period ended September 30, 2021 and 2020 amounted to Php24,041 thousand and Php22,755 thousand, respectively, which shows an increase of Php1,286 thousand or 6%. The increase primarily came from the higher fees and increase in services rendered by professionals in the reporting period.

- ***Advertising*** **–** The Group's advertising expenses in the nine-month period ended September 30, 2021 and 2020 amounted to Php5,804 thousand and Php11,616 thousand, respectively, which shows a decrease of Php5,812 thousand or 50%. The decrease primarily came from the lower advertising required by operations in the reporting period.

- ***Depreciation and amortization*** **–** The Group's depreciation and amortization in the nine-month period ended September 30, 2021and 2020 amounted to Php3,970 thousand and Php5,824 thousand, respectively, which shows a decrease of Php1,854 thousand or 32%. The decrease primarily came from the lower balance of depreciable assets in the reporting period.

- **Rent, Utilities and Supplies** – The group's rent, utilities and supplies expense in the nine-month period ended September 30, 2021 and 2020 amounted to Php4,913 thousand and Php3,938 thousand respectively, which shows an increase of Php975 thousand or 25%. The increase primarily came from the higher rent and COVID related supplies.

- **Transportation and Travel**– The group's transportation and travel expense amounted to Php5,737 thousand and Php4,582 thousand in the nine-month period ended September 30, 2021and 2020 respectively, which shows an increase of Php1,155 thousand or 25%. The increase primarily came from the higher transportation expenses in the reporting period.

- **Entertainment, amusement and recreation –** The group's entertainment, amusement and recreation expense in the nine-month period ended September 30, 2021 and 2020 amounted Php8,487 thousand and Php7,695 thousand respectively, which shows an increase of Php792 or 10%. The increase primarily came from the higher entertainment, amusement and creation expense in the reporting period.

- ***Repairs and maintenance*** – The Group's repairs and maintenance expense in the nine-month period ended September 30, 2021 and 2020 amounted to Php 3,677 thousand and Php2,934 thousand respectively, which shows an increase of Php743 thousand or 25%. The increase primarily came from the higher repairs and maintenance of the equipment in the reporting period.

- **Other income - net –** The Group's other income -net in the nine-month period ended September 30, 2021and 2020 amounted to Php17,434 thousand and Php9,342 thousand, respectively, which shows an increase of Php8,092 thousand or

87%. The increase primarily came from additional other income in the reporting period.

- ***Interest Expense*** **–** The Group's interest expense in the nine-month period ended September 30, 2021and 2020 amounted to Php59,770 thousand and Php103,557 thousand respectively, which shows a decrease of Php43,787 or 42%. The decrease primarily came from the lower balance of interest-bearing debts in the reporting period.

- ***Provision for income tax (benefit)*** **–**The Group's provision for income tax (benefit) in the nine-month period ended September 30, 2021 and 2020 amounted to Nil and Php12,724 thousand, respectively. Which shows a decrease of Php12, 724 or 100%.

For assessing impairment of goodwill, a test of impairment is performed annually or when circumstances indicate that the carrying value may be impaired.

Corona Virus Disease (COVID-19) Outbreak
In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. This was further extended until May 15, 2020 for NCR and certain areas. Effective May 16, 2020, NCR and certain areas shifted to modified enhanced community quarantine until May 31, 2020. Effective June 1, 2020, NCR and certain areas shifted to general community quarantine until July 31, 2020, unless earlier lifted or subsequently extended. The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve.

Due to restrictions in travel and other government initiatives, operations of the Group cannot return to normal until the community quarantine is lifted. Since the subsidiaries of the Group, such as WPP and GLCI, are not part of the allowed basic services, operations have been mostly halted. PGDI, whose operations is not included in the Luzon lockdown as it is based in Surigao, has started limited operations during the first week of March. PGDI is currently focused on stockpiling ores as the provincial government temporarily banned foreign ships from docking in the province for safety reasons. Internal fund generation through end-user financing and collection were heavily affected by the ECQ because of the halt in processing and closure of the different agencies that process the documents.

Although the COVID-19 pandemic and the resulting ECQ significantly impacted the operations of the Group, current strategic plans and mitigation measures being undertaken will be able to cushion the negative impact. These will allow unhampered operations once the ECQ is lifted, albeit on a slower schedule as compared to the pre-ECQ level. The Group managed to negotiate for payment
Deferrals and rollover/restructuring of certain existing loans. The Group is currently in the process of negotiating for further deferral of payments and restructuring for the other currently maturing obligations. New financing arrangements that were being explored prior to ECQ will be delayed until after ECQ and when the current economic situation normalize. Alternative financing solutions are also currently being explored.

Item 3. No relevant disclosure covered by this Item was made since there is no event that triggered any direct or contingent financial obligation that is material to the company. Likewise, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons was created during the reported period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PREMIERE HORIZON ALLIANCE CORPORATION
Issuer

AUGUSTO ANTONIO C. SERAFICA, JR.
President & CEO

Date: November 18, 2021

MANOLO B. TUASON
Senior Vice President & Chief Financial Officer

Date: November 18, 2021

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Php000.00)

	Unaudited September 30, 2021	Audited December 31, 2020
ASSETS		
Current Assets		
Cash	67,355	124,523
Contract Assets	131,664	250,548
Receivables	83,075	66,624
Real Estate Held for Sale	853,394	831,734
Other current assets	223,867	186,583
Total current assets	**1,359,354**	**1,460,013**
Noncurrent Assets		
Investment property	1,666,388	1,666,388
Noncurrent portion of contract assets	65,945	65,945
Deferred exploration costs	412,283	403,752
Intangible assets	19,351	19,351
Property and equipment	168,744	231,178
Deferred tax assets	35,679	35,679
Right of use assets	681	681
Other noncurrent assets	12,120	13,809
Total Noncurrent assets	**2,381,191**	**2,436,783**
Total Assets	**3,740,545**	**3,896,796**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	608,843	748,927
Contract liabilities	13,951	7,820
Dividend payable	39,800	39,800
Capital gains tax payable	26,940	26,940
Current portion of long term debt:		
Short -term debt	159,552	225,963
Purchased land payable	5,678	18,103
Loans payable	238,354	311,367
Obligation under finance lease	175	528
Convertible loans	100,000	400,371
Installment payable	17,056	17,056
Callable loans	15,000	15,000
Lease liability	680	680
Deposit for future stock subscription	408,249	113,000
Total Current Liabilities	**1,634,278**	**1,925,553**
Noncurrent Liabilities		
Pension Liabilities	34,022	34,022
Convertible loans		94,635
Noncurrent portion of long term debt:		
Loans from officers and shareholders	64,500	64,500
Loans from third parties	8,000	8,000
Loans payable	39,998	39,998
Lease liability	185	185
Callable loans	7,000	7,000
Deferred tax liabilities-Net	509,348	509,348
Total Noncurrent Liabilities	**663,054**	**757,689**
Total Liabilities	**2,297,331**	**2,683,242**
Stockholders' Equity		
Equity attributable to equity holders of the parent		
Capital stock	800,651	563,529
Additional paid-in capital	186,225	117,452
Retained earnings	120,122	186,924
Equity attributable to Parent	1,106,997	867,905
Equity attributable to non-controlling interests	336,216	345,648
Total Equity	**1,443,214**	**1,213,553**
Total Liabilities and Equity	**3,740,545**	**3,896,796**

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income
(In Php000.00)

	For nine months ended September 30		For three months ended September 30	
	2021	**2020**	**2021**	**2020**
REVENUES				
Real estate sales	109,910	73,457	9,145	23,666
Mining related services	156,481	232,950	73,014	106,397
Total revenue	**266,392**	**306,407**	**82,160**	**130,063**
Costs of real estate sold	58,046	42,328	4,512	16,887
Costs of services	137,055	156,647	54,759	61,673
Total Cost of Sales and Services	**195,100**	**198,975**	**59,272**	**78,560**
GROSS PROFIT	**71,291**	**107,432**	**22,888**	**51,503**
OTHER COSTS AND EXPENSES				
Professional and legal fees	24,041	22,755	10,429	9,824
Personnel costs	28,189	28,522	10,089	10,236
Advertising	5,804	11,616	2,239	4,440
Taxes and licenses	8,784	8,451	2,834	1,707
Depreciation and amortization	3,970	5,824	779	3,110
Rent and utilities and supplies	4,913	3,938	2,087	2,049
Transportation and travel	5,737	4,582	1,765	1,338
Entertainment, amusement and recreation	8,487	7,695	2,625	1,948
Repairs and maintenance	3,677	2,934	816	1,339
Others	13,699	14,130	6,110	9,432
	107,301	**110,446**	**39,773**	**45,421**
INCOME(LOSS) BEFORE OTHER INCOME AND CHARGES	**(36,010)**	**(3,014)**	**(16,885)**	**6,082**
OTHER INCOME(CHARGES)				
Gain on change in FV of investment property				
Interest income	2,113	36	584	(1,439)
Other income-net	17,434	9,342	1,091	5,198
Interest expenses	(59,770)	(103,557)	(18,615)	(61,372)
	(40,223)	**(94,179)**	**(16,939)**	**(57,613)**
INCOME (LOSS) BEFORE TAX	**(76,233)**	**(97,192)**	**(33,825)**	**(51,531)**
PROVISION FOR INCOME TAX				
Current	-	**12,724**	(1,003)	**9,992**
Deferred	-	-	-	-
INCOME(LOSS) FOR THE PERIOD	**(76,233)**	**(109,916)**	**(32,821)**	**(61,523)**
INCOME FROM CONTINUING OPERATION				
Equity holders of the parent	(66,802)	(103,305)	(28,511)	(61,313)
Non-controlling interest	(9,431)	(6,611)	(4,310)	(210)
	(76,233)	**(109,916)**	**(32,821)**	**(61,523)**
NET INCOME (LOSS) FOR THE PERIOD	**(76,233)**	**(109,916)**	**(32,821)**	**(61,523)**

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(In Php000.00)

	For nine months ended September 30	
	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(76,233)	(109,916)
Adjustments for:		
Depreciation and Amortization	63,553	67,660
Interest Expenses	59,770	103,557
Impairment Losses		
Pension cost		
Unrealized foreign exchange gain		
Loss on disposal of property plant and equipment		
Interest Income	(2,113)	(36)
Operating income (loss)before working capital changes	44,977	61,265
Decrease (increase) in:		
Receivables	(23,752)	(41,410)
Contract Assets	118,886	81,137
Real estate held for sale	(21,660)	11,514
Deferred exloration cost	(8,531)	
Other current assets	(37,284)	9,578
Increase (decrease) in:		
Trade payables	(132,782)	164,782
Contract liabilities	6,131	18
Purchased land payables	(12,425)	(2,350)
Other noncurrent liabilities	(0)	(17,056)
Net cash flows from (used in) operation	(66,441)	267,478
Interest received	2,113	36
Interest paid	(59,770)	(103,557)
Income tax paid	-	4,759
Net cash flows from (used in) operating activities	(124,098)	168,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from sales of investment in associates		
Acquisition of property and equipment	(1,119)	(8,638)
Investment in other projects		
Increase (decrease) in other noncurrent assets	1,689	1,031
Net cash (used in) provided by	570	(7,607)
CASH FLOWS FROM FINACING ACTIVITIES		
Proceeds from:		
Short-term loans	(66,410)	55,800
Callable loans	-	-
Covertible loan	(395,007)	49,500
Deposit from future subscription	295,249	-
Loans payable		-
Payment of:		
Convertible loans		-
Installment payable	-	(27,972)
Obligations under finance lease	(353)	(950)
Short term loans		-
Loans payable	(73,013)	(223,219)
Cash proceeds from subscription receivable	237,121	-
Cash proceeds from additional paid in capital	68,773	-
Cash flows from financing activities	66,360	(146,841)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,168)	14,269
EFFECT ON CHANGES IN FOREIGN EXCHANGE RATE		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	124,523	81,562
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**67,355**	**95,831**

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES
UNADITED STATEMENT OF CHANGES IN EQUITY
(In 000)

	For nine months ended September 30	
	2021	**2020**
CAPITAL STOCK		
Issued and subscribed shares	**800,651**	**497,620**
ADDITIONAL PAID-IN CAPITAL	**186,225**	**97,020**
UNREALIZED GAIN ON AFS FINANCIAL ASSETS	**-**	**-**
RETAINED EARNINGS		
Beginning	186,924	91,376
Dilution gain		
Declaration ofm dividends		
Net income(loss)	(66,802)	(103,305)
Balance at end of the period	**120,122**	**(11,929)**
ATTRIBUTABLE TO NON-CONTROLLING INTEREST		
Balance at beginning of the period	345,648	333,468
Additional investment for non-controlling interest		
Net income(loss) attributable to non-controlling interest	(9,432)	(6,611)
Balance at end of the period	**336,216**	**326,857**
TOTAL EQUITY	**1,443,214**	**909,568**

(In Php 000)

1. Corporate Information and Status of Operations

Premiere Horizon Alliance Corporation (PHA or the Parent Company), was incorporated in the Philippines on January 13, 1988 and listed in the Philippine Stock Exchange (PSE) on May 5, 1997. The Parent Company's primary purpose is to engage in business activities relating to entertainment, gaming, hotel and leisure.

The Parent Company's registered address is Metro Manila, Philippines. Currently, the Parent Company acts as holding company to Premiere Horizon Alliance Corporation and Subsidiaries (the Group).

On December 29, 2011, the Securities and Exchange Commission (SEC) approved the amended articles of incorporation of the Parent Company which include the following:

a. change of name of the corporation from Premiere Entertainment Philippines, Inc. to Premiere Horizon Alliance Corporation;
b. reduction in deficit amounting₱1,236.44 million by decreasing the authorized capital stock from ₱1,800.00 million to ₱563.56 million (see Note 16); and
c. Amendment of secondary purpose clause to include the authority to engage in non-gaming business such as mining and real estate.

On April 26, 2012, the SEC approved the Parent Company's application on the treatment of quasi-reorganization in the consolidated financial statements.

On May 27, 2013 and September 30, 2014, the stockholders and Board of Directors (BOD), respectively, approved the amendments to the Articles of Incorporation (AOI) of the Parent Company to change the Parent Company's principal place of business to Unit E-1705, 17th Floor, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City. On November 7, 2014, the SEC approved the amendment to the AOI

2. Cash

This account consists of:

	Unaudited September 30, 2021	Audited 2020
Cash on hand	4,235	985
Cash in banks	63,120	123,538
	67,355	124,523

Cash in banks earn interest at the prevailing bank deposit rates.

3. Receivables - net

This account consists of:

	Unaudited September 30, 2021	Audited 2020
Contract receivables	14,492	26,569
Trade receivables	40,671	13,969
Advances to officers and employees	49,595	50,468
Others	9,634	6,935
	114,392	97,941
Less allowance for impairment losses	31,317	31,317
	83,075	66,624

Aging of Receivables

	Account Title	**Total**	**1-30**	**31-60**	**61-90**	**Over 90**
1	Contract receivables	14,492	0	6,467	0	8,025
2	Trade	40,671	7,253	12,654	3,435	17,329
3	Advances to employees & officers	49,595	629	3,124	543	45,299
4	Others	9,634	1,943	3,216	987	3,488
	Total	114,392	9,825	25,461	4,965	74,141

4. Other Current Assets

This account consists of:

	Unaudited September 30, 2021	Audited 2020
Advances to suppliers and contractors	15,963	71,271
Input Tax – Value Added Tax	40,065	31,775
Supplies inventory	4,167	1,330
Tax Credits	100,105	79,425
Prepayments	698	546
Security Deposits	911	852
Others	61,958	1,384
	223,867	186,583

5. Trade and Other Payables

This account consists of:

	Unaudited September 30, 2021	Audited 2020
Trade payables		
Third parties	53,282	45,413
Related parties	34,826	13,545
Customers' Deposits and Advances	146,325	165,325
Advances from shareholders	100,000	161,328
Advances from third parties	65,622	88,000
Accrued expenses	100,600	73,050

Customer refunds	49,880	50,661
Output VAT payable	1,485	54,881
Deferred output vat	44,137	44,308
Voucher's payable	7,348	18,429
Retention payable	86	23,788
Others	5,252	10,198
	608,843	748,927