COVER SHEET

4 3 3 7 0

SEC Registration Number

F & J PRINCE

HOLDINGS CORPORATION

(Company's Full Name)

5TH FLOOR CITIBANK CENTER

8741 PASEO DE ROXAS MAKATI

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

Atty. Fina C. Tantuico	88927133 · 88927137
Contact Person	Company Telephone Numbers

1 2	3 1	0 4	1 2
Month	Day	Month	Day
Fiscal Year		Annual Meeting	

DEFINITIVE INFORMATION STATEMENT

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

F & J Prince Holdings Corporation

5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

ANNUAL STOCKHOLDERS' MEETING

Friday, September 17, 2021, 2:00 PM

via ZOOM (details to be announced)

(DEFINITIVE)

INFORMATION STATEMENT

THE CORPORATION UNDERTAKES TO PROVIDE WITHOUT CHARGE TO THE SHAREHOLDERS, UPON THE WRITTEN REQUEST OF ANY SHAREHOLDER, A COPY OF THE ANNUAL REPORT ON SEC FORM 17-A. HOWEVER, THE MANAGEMENT RESERVES THE RIGHT TO CHARGE REASONABLE FEES FOR PROVIDING COPIES OF THE EXHIBITS ATTACHED TO THE REGISTRANT'S SEC FORM 17-A. SAID WRITTEN REQUEST MAY BE DIRECTED TO:

ATTY. FINA BERNADETTE D.C. TANTUICO

Corporate Secretary

F & J Prince Holdings Corporation

5th Floor, BDO Towers Paseo

8741 Paseo de Roxas, Makati City 1226

F & J Prince Holdings Corporation

August 25, 2021

SECURITIES AND EXCHANGE COMMISSION
Secretariat Bldg., Vicente Sotto Street, PICC Complex, Pasay City

Attention : MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

Attention : MS. JANET A. ENCARNACION
Head, Disclosure Department

Subject : Definitive Information Statement

Gentlemen:

In accordance with SEC Rule 20, prior to the sending of the Definitive copies of the following documents to stockholders, we are submitting herewith for your review and approval, drafts of the following:

1) Definitive Information Statement.
2) Notice of Annual Stockholders' Meeting. The Zoom link for the meeting will be provided to the shareholders who register to join the meeting as provided for in the Guidelines which will be provided in the company website fjprince.com and also provided in the Definitive Information Statement.
3) Proxy Form.
4) 2020 Management Report.
5) 2020 Audited Financial Statements and 2020 Unaudited First Quarter Report and Second Quarter Report.

We have incorporated the Revisions and Comments contained in your letter of August 23, 2021 (please see attached).

The Statement of Management's Responsibility for Financial Statement was under oath and manually signed by the Chairman, Chief Executive Officer and Chief Financial Officer in the final 2020 Management/Annual Report. The Report of Independent Public Accountants was likewise manually signed by the certifying partner in the final printed 2020 Management/Annual Report.

We trust you will find the foregoing in order.

Very truly yours,

ROBERT Y. COKENG
President

5/F Citibank Center, 8741 Paseo de Roxas, Makati City 1226
Tel. Nos.: 8927133 • 8927137 • 8929443 • Fax Nos.: 8927127 • 8927150
Email Address: fjphco@gmail.com

F & J Prince Holdings Corporation

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of *F & J Prince Holdings Corporation* will be held on **September 17, 2021, Friday at 2:00 PM via ZOOM. In view of the ongoing Covid-19 pandemic, stockholders may only attend by remote communication, by voting** in absentia**, or by appointing the Chairman of the meeting as proxy. The Guidelines on the procedure registration for the meeting are provided in the company's website fjprince.com.**

The following matters will be taken up during the meeting:

1. **CALL MEETING TO ORDER.** The Chairman will formally open the 2021 Annual Stockholders' Meeting and will call the meeting to order.

2. **PROOF OF NOTICE AND QUORUM.** The Corporate Secretary will certify on the date when written notice of the time, date, place and purpose of the meeting was sent to all registered stockholders of record as of **August 4, 2021**. The Corporate Secretary will further certify the presence of a quorum. The holders of record for the time being of majority of the stock of the Company then issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business.

3. **APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON SEPTEMBER 28, 2020.** Copies of the minutes of the stockholders' meeting held on September 28, 2020 will be distributed to the stockholders before the meeting. Shareholders will vote for the adoption of a resolution approving the Minutes of the annual general meeting of the stockholders.

4. **MANAGEMENT REPORTS.** The Chairman will deliver a report to the stockholders on the highlights of the company's performance for the year 2020 and the outlook for the year 2021.

5. **PRESENTATION AND APPROVAL OF AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020.** The stockholders will be given an opportunity to ask questions prior to submitting the Annual Report and the Audited Financial Statements for approval by the stockholders. Copies of the Annual Report and Audited Financial Statements will be distributed before the meeting.

6. **RATIFICATION OF CORPORATION ACTION TAKEN.** Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors, Board Committees and management of the Company taken or adopted since the annual stockholders' meeting on September 28, 2020. The acts and resolutions of the Board and its Committees were reflected in the minutes of meetings including approval of contracts and agreements, projects and investments, treasury matters and acts of resolutions covered by the disclosures to the SEC and PSE.

7. **ELECTION OF DIRECTORS**. The list of names of nominees for the office of the Board of Directors including the Independent Directors for the year 2021-2022 will be announced, for purposes of their election.

8. **ELECTION OF EXTERNAL AUDITOR FOR THE FISCAL YEAR JANUARY TO DECEMBER, 2021.** Upon the endorsement of the Audit Committee, the stockholders shall elect the external auditor for the year 2021.

9. **OTHER MATTERS.** Shareholders may raise questions or express comments that are relevant to the corporation.

10. **ADJOURMENT.** Upon determination by the Corporate Secretary that there are no other matters to be considered, and on motion by the stockholders, the Chairman shall declare the meeting adjourned.

For purposes of the meeting, only stockholders of record at the close of business on August 4, 2021 shall be entitled to vote thereat.

This Notice will also be published twice in 2 newspapers of general circulation and online format at least 21 days before the date of the Annual Stockholders' Meeting.

Duly accomplished proxies in the form attached must be submitted on or before September 9, 2021 to the office of the Corporation not later than the close of office hours, or submitted online by email to fjphco@gmail.com. If the stockholder is a corporation, a Secretary's Certificate quoting the board resolution authorizing the corporate officer to execute the proxy should also be submitted.

Validation of proxies will be held on September 10, 2021 at 11:00 am at the 5th Floor, BDO Tower Paseo, Paseo de Roxas, Makati City.

Makati City, August 25, 2021.

By Resolution of the Board of Directors:

(ATTY.) FINA BERNADETTE D.C. TANTUICO
Corporate Secretary

Guidelines for Participating via Remote Communication and Voting *in Absentia* in 2021 Annual Stockholders' Meeting of F&J Prince Holdings Corporation. (***Will be in the company's website fjprince.com***).

The 2021 Annual Stockholders' Meeting (ASM) of F&J Prince Holdings Corporation is on September 17, 2021 at 2:00PM and with a record date of August 4, 2021.

In consideration of the health and safety concerns of everyone brought by COVID 19 pandemic, the Board of Directors of the Company has approved and authorized our stockholders to participate in the ASM via remote communication and to exercise their right to vote in absentia.

Registration

The stockholder must notify the Corporate Secretary of his/her intention to participate in the ASM via remote communication and exercise his/her right to vote in absentia by no later than September 9, 2020 by emailing at fjphco@gmail.com and by submitting therewith the following supporting documents/information:

- For Individual Stockholders
  1. Copy of valid government ID of stockholder/proxy
  2. Stock certificate numbers
  3. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
  4. E-mail address and contact number of stockholder and proxy (if any)

- For Multiple Stockholders or joint owners
  1. Stock certificate number/s
  2. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need *not* be notarized)
  3. Copy of valid government IDs of all registered stockholders
  4. Email-address and contact number of the authorized representative

- For Corporate Stockholders
  1. Secretary's Certification of Board resolution appointing and authorizing a proxy to participate in the ASM
  2. Valid government ID of the authorized representative
  3. Stock certificate number/s
  4. E-mail address and contact number of the authorized representative

- For Stockholders with Shares under broker account
  1. Certification from the broker as to the number of shares owned by the stockholder
  2. Valid government ID of stockholder
  3. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
  4. E-mail address and contact number of stockholder or proxy

Voting

The stockholders who have sent us their intention to participate in the ASM shall be notified via email of their log-in passwords for the zoom meeting. The stockholders can then cast their votes during the zoom meeting.

ASM Livestream

The stockholders who have the log-in passwords can participate in the ASM through zoom. Further instructions on how to access the live stream will also be posted at fjprince.com.

Open Forum

There will be Open Forum during the meeting, where representatives of the Company may answer as many questions as time will allow. However, a stockholder may send their questions in advance by sending an email at fjphco@gmail.com on or before September 9, 2020.

The Company's Investor Relations Officer will answer questions received but not answered during the ASM by email.

Voting Procedures

(a) Vote required
The affirmative vote of the at least majority of the issued and outstanding capital stock entitled to and represented at the Annual Stockholders' Meeting is required for the approval of the matters presented to the stockholders for decision. The election of Directors is by plurality of votes.

(b) Method of voting
In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. In light of the Regulations (as defined in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia.*

In case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary at fjphco@gmail.com on or before September 9, 2021.

A stockholder may vote electronically in absentia using the online web address, fjphco@gmail.com subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Committee of Inspectors and Ballots of the Company and the results will be validated by an independent third party.

For any queries or concerns, please contact the office of the Corporate Secretary at (632) 8-892.7133 or via email at fjphco@gmail.com.

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

__✓__ **Definitive Information Statement**

I & J Prince Holdings Corporation

2. Name of Registrant as specified in its charter

Philippines

3. Province, country or other jurisdiction of incorporation or organization

43370

4. SEC Identification Number

000-829-097

5. BIR Tax Identification Number

5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City **1226**

6. Address of principal office Postal Code

(632) 88927133 or 88927137

7. Registrant's telephone number, including area code

September 17, 2021, Friday
via ZOOM

8. 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.
August 25, 2021

10. In case of Proxy Solicitations:

F & J Prince Holdings Corporation

Name of Person Filing the Statement/Solicitor:

5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City
88927133 or 88927137

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
Class "A"	292,610,118
Class "B"	189,217,535

12. Are any or all of registrant's securities listed on the Stock Exchange?

Yes ✓ No ____

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

Philippine Stock Exchange, Class "A" and "B"

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date	:	**September 17, 2021, Friday**
Time	:	**2:00 PM**
Place	:	**via ZOOM**
Complete mailing address of principal office	:	**5th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City 1226**

The Information Statement and the proxy forms and other solicitation materials may be accessed by the shareholders at the company's website fjprince.com beginning **Saturday, August 21, 2021**. In view of the ongoing Covid-19 pandemic, it is deemed advisable to hold this meeting by teleconference.

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

The appraisal right is available in the following instances stated in the Revised Corporation Code (2019), to wit:

(1) any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Sec. 80 (a));

(2) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Sec. 80 (b));

(3) any merger or consolidation of the Corporation with or into another entity (Sec. 80 (c)); and

(4) any investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Corporation was organized (Sec. 80 (d)).

However, the present meeting is being called in order to approve the following matters, namely:

(1) Approval of the Minutes of the 2020 Annual Stockholders' Meeting;
(2) Approval of the Audited Financial Statements as of December 31, 2020;
(3) Ratification of corporate acts of the Board of Directors;
(4) Election of members of the Board of Directors; and
(5) Appointment of the external auditor of the Corporation for the fiscal year 2021.

Therefore, the matters to be taken up during the meeting do not call for the availability and the exercise of the shareholder's appraisal right.

ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

None of the directors and executive officers of the Corporation, nor any associate of said persons, have any substantial interest, direct or indirect, in any matter to be acted upon at the meeting, other than elections to office.

None of the directors of the Corporation has informed the Corporation, whether in writing or otherwise, of any intention to oppose any matter to be taken up at the forthcoming stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The securities of the Registrant are divided into two (2) classes: Class A which is issued solely to Filipino citizens and Class B which may be issued to Filipino citizens or to aliens alike. As of July 15, 2020, One Hundred Forty Six Million One Hundred Forty Six Thousand Fifty Nine **(140,146,059)** shares are foreign owned.

The following number of shares is outstanding and entitled to vote as of **August 4, 2021**:

Class	No. of Shares Outstanding	No. of Votes to which entitled
Class "A"	292,610,118	292,610,118
Class "B"	189,217,535	189,217,535
Total	**481,827,653**	**481,827,653**

The record date for shareholders who shall be entitled to vote has been fixed at August 4, 2021. All shareholders entitled to vote may vote such number of shares of stock standing in his name on the stock and transfer book of the Corporation as of August 4, 2021. Said shareholders may vote such shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) 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: *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 total number of directors to be elected.

(1) Security Ownership of Certain Record and Beneficial Owners

As of August 4, 2021, the record or beneficial owners of Five Percent (5%) or more of the outstanding capital stock of the Corporation are as follows:

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NO. OF SHARES HELD	PERCENTAGE
Common B	Essential Holdings Limited 11/F, Belgian House 77-79 Gloucester Road, Hong Kong *Stockholder*	Same as Record Owner Robert Y. Cokeng Managing Director	Foreign	139,778,670 Record & Beneficial	29.01%
Common A	PCD Nominee Corporation 37th Floor Tower I, The Enterprise, 6766 Ayala Avenue Makati City *Stockholder*	None of the beneficial owners own Five (5%) Percent or more of the outstanding capital stock of the Corporation	Filipino	71,619,490	14.86%

Common A & B	Pinamucan Industrial Estates, Inc. 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City *A Subsidiary of the Subsidiary of Issuer*	Same as Record Owner Johnson U. Co President	Filipino	50,290,105 Record & Beneficial	10.44%
Common A	Magellan Capital Holdings Corporation 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City *94% Subsidiary of Issuer*	Same as Record Owner Robert Y. Cokeng President	Filipino	47,844,022 Record & Beneficial	9.92%
Common A	Consolidated Tobacco Industries of the Philippines, Inc. CTIP Compound, Ortigas Avenue Extension, Rosario, Pasig City *Stockholder*	Same as Record Owner Robert Y. Cokeng President	Filipino	43,052,023 Record & Beneficial	8.93%
Common A	Vructi Holdings Corporation 52 Narra Avenue, Forbes Park, Makati City *Stockholder*	Same as Record Owner Rufino B. Tiangco President	Filipino	34,633,628 Record & Beneficial	7.18%

Mr. Robert Y. Cokeng is the controlling stockholder of Essential Holdings Limited ("EHL"). He is also the President of the Registrant. Mr. Robert Y. Cokeng has the power to vote the shares of EHL in the upcoming Stockholders' Meeting.

Mr. Robert Y. Cokeng is the Chairman of Pinamucan Industrial Estates, Inc. ("PIEI"). He has voting power over the shares of stock of PIEI. He is also President of the Registrant.

Mr. Robert Y. Cokeng has voting power over the shares of stock of Magellan Capital Holdings Corporation ("MCHC") in the Registrant.

Consolidated Tobacco Industries of the Philippines, Inc. ("CTIPI") is principally owned and controlled by the Cokeng and Co families. Mr. Robert Y. Cokeng has voting power over the shares of stock of CTIPI.

Vructi Holdings Corporation is controlled by Mr. Rufino B. Tiangco, a director of the Registrant. He has the voting power over the shares of Vructi Holdings Corporation.

(2) Security Ownership of Management

As of August 4, 2021, the Directors, Executive Officers and Nominees of the Corporation are the beneficial owners of the following number of shares:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP		CITIZENSHIP	PERCENT OF OWNERSHIP
Common A	Robert Y. Cokeng	13,693,072 2,020,000	Direct Indirect	Filipino	3.26%
Common A	Katrina Marie K. Cokeng	10,000	Direct	Filipino	.002%
Common A	Charlie K. Chua	5,000	Indirect	Filipino	0.0010%
Common A	Francis L. Chua	100,000	Direct	Filipino	0.02%
Common A	Johnson U. Co	1,100,000	Direct	Filipino	0.23%
Common A	Mark Ryan K. Cokeng	10,000	Indirect	Filipino	0.002%
Common A	Johnson Tan Gui Yee	15,371,747	Direct	Filipino	3.19%
Common A	Mary K. Cokeng	1,000	Indirect	Filipino	0.0002%
Common A	Johnny O. Cobankiat	7,227,076	Indirect	Filipino	1.50%
Common A	Peter L. Kawsek, Jr.	1,000	Indirect	Filipino	0.0002%
Common A & B	Rufino B. Tiangco	128,000	Direct	Filipino	0.03%
Total		**39,716,895**			**8.23%**

(3) Voting Trust Holders of 5% or More of the Outstanding Shares

No shareholder holding more than Five Percent (5%) of the outstanding capital stock of the Corporation holds such shares under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in the voting control of the Registrant nor has there been any arrangement with any party which may result in a change of control since the last fiscal year.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(1) Directors and Nominees

The following are the incumbent Directors and Executive Officers of the Registrant as well as nominee for Director, and their respective ages, citizenship, business experiences for the last five (5) years, positions and periods of service:

ROBERT Y. COKENG, 69 years old, Filipino citizen.
Chairman, President & Chief Executive Officer

Re-elected on 28 September 2020 to a one-year term. Director and Officer since 1996.

President & Chief Executive Officer, Magellan Capital Holdings Corporation, Magellan Utilities Development Corporation, Pinamucan Power Corporation, Malabrigo Corporation, Consolidated Tobacco Industries of the Philippines, Inc. and Center Industrial and Investment, Inc.; *Independent Director*, Cosco Capital, Inc. (PSE listed company); *Chairman*, Pinamucan Industrial Estates, Inc.; *Managing Director*, Essential Holdings Ltd.; *Chairman*, Pointwest Technologies Corporation and Pointwest Innovations Corporation; *Director and Chairman of the Executive Committee*, Business Process Outsourcing International, Inc.; *Chairman*, IPADS Developers, Inc.

Bachelor of Arts (Economics Honor Program), Magna Cum Laude, Ateneo University; Master in Business Administration (with High Distinction and elected Baker Scholar), Harvard University.

JOHNSON U. CO, 68 years old, Filipino citizen.
Vice-President for Administration and Director

Re-elected on 28 September 2020 to a one-year term. Director since 1996.

President, Pinamucan Industrial Estates, Inc., Sunflare Horizon International, Inc.; *Vice-President for Administration and Director*, Magellan Capital Holdings Corporation; *Treasurer*, Magellan Utilities Development Corporation and Malabrigo Corporation; *Director*, Pinamucan Power Corporation; *Vice Chairman*, Consolidated Tobacco Industries of the Philippines, Inc.

B.S. Mechanical Engineering, University of Sto. Thomas.

MARK RYAN K. COKENG, 35 years old, Filipino citizen.
Treasurer and Director

Re-elected on 28 September 2020 to a one-year term. Director and Treasurer since 2013.

Treasurer and Director, Magellan Capital Holdings Corporation; *Director and Treasurer*, Magellan Capital Corporation; *Director*, IPADS Developers, Inc.; *Director*, Pointwest Technologies Corporation, *Director*, Pointwest Innovations Corporation, *Director and Treasurer,* Business Process Outsourcing International, Inc.

Bachelor of Arts in Economics and Statistics, Boston University.

CHARLIE K. CHUA, 576 years old, Filipino citizen.
Independent Director

Re-elected on 28 September 2020 to a one-year term.

Vice President, Highland Tractor Parts, Inc.

B.S. Mechanical Engineering, University of the Philippines; Master of Science, Mechanical Engineering, University of California, Berkley.

MARY K. COKENG, 68 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 to a one-year term. Director since 2008.

Director, Essential Holdings, Limited, *Director*, Magellan Capital Holdings Corporation.

Bachelor of Arts, Management, University of Sto. Thomas

JOHNNY O. COBANKIAT, 69 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 to a one-year term. Director since 2008.

President, Ace Hardware Phils., Cobankiat Hardware, Inc. and Milwaukee Builders Center, Inc.; *Executive Vice President*, Hardware Workshop; *Vice Chairman*, R. Nubla Securities.

B.S. Accounting, De La Salle University.

FRANCIS LEE CHUA, 69 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 for a one-year term. Director since 2001.

General Manager, Sunny Multi Products and Land Management Inc., Midori Carpet; *Corporate Secretary*, Sunflare Horizon International, Inc.

B.S. Management, Ateneo University.

PETER L. KAWSEK, JR., 62 years old, Filipino citizen
Independent Director

Re-elected on 28 September 2020 to a one-year term.

President, Apo International Marketing Corporation; Bekter Ventures Inc.; *Vice President*, Kawsek Inc.

Bachelor of Science in Business, De La Salle University

JOHNSON TAN GUI YEE, 74 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 to a one-year term. Director since 1997.

Chairman, Armak Tape Corporation; *President & Chief Executive Officer*, Armak Holdings and Development, Inc.; *President*, Yarnton Traders Corporation; *Director*, Magellan Capital Holdings Corporation.

B.S. Chemical Engineering and B.S. Mathematics

RUFINO B. TIANGCO, 71 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Marala Vitas Central Terminal & Shipyard Corp.; *President*, Vructi Holdings Corporation; Trufsons Holdings Corporation, Ruvict Holdings Corporation; *Director*, Magellan Capital Holdings Corporation and Magellan Utilities Development Corporation.

B.S. Mechanical Engineering, University of Sto. Thomas

KATRINA MARIE K. COKENG, 41 years old, Filipino citizen
Director

Elected on 28 September 2020 to a one year term.

Co-Founder & CEO, Xen Technologies PTE LTD, Singapore; Previous positions: *Co-Founder and Chief Commercial Officer*, Oriente Finance (HK) LTD; *Strategic Pricing Director*, Asia Pacific, Estee Lauder (HK) LTD; *Vice President*, ING Pomona Capital (HK) LTD; *Engagement Manager*, Corp. Finance, McKinsey & Company.

Master in Business Administration, Harvard Business School; AB, Economics and Psychology, Summa Cum Laude, Phi Betta Kappa, Smith College

PONCIANO K. MATHAY, 61 years old, Filipino citizen
Senior Vice President and Compliance Officer

Re-appointed by the Board on 28 September 2020.

President, MHM Energy Corp., *Consultant*, Pointwest Technologies Corp., *Formerly Vice President*, Alcorn Gold Resources.

AB Psychology, University of Washington, MS Business Management, A.D. Little (Hult) Cambridge, Massachusetts.

FINA BERNADETTE D.C. TANTUICO, 59 years old, Filipino citizen.
Corporate Secretary

Re-elected on 28 September 2020 to a one-year term.

Legal Counsel and Corporate Secretary, F & J Prince Holdings Corporation and its subsidiaries and affiliates (2002 up to the present); Magellan Capital Holdings Corporation and its subsidiaries, Magellan Utilities Development Corporation, Pointwest Technologies Corporation, Pointwest Innovations Corporation, Pinamucan Industrial Estates Inc; *Corporate Secretary*, Philippine Telegraph & Telephone Co. (PT&T), Capitol Wireless Inc. (Capwire), Philippine Wireless Inc. (Pocketbell), Republic Telecommunications Company (Retelcom), U.P. Law Alumni Foundation Inc. (UPLAF), *Former Assistant Vice-President and Corporate Secretary,* United Overseas Bank Philippines (2000-2001). Former *President* of the Philippine Bar Association. *Professorial Lecturer*, University of the Philippines College of Law; member, Inter-Country Placement Committee, Inter-Country Adoption Board (ICAB).

Law Degree, University of the Philippines.

Term of Office. The directors of the Registrant were elected during the annual stockholders' meeting held on 28 September 2020. The directors have a one (1) year term of office.

Executive Officers. The Executive Officers of the Registrant, and their respective ages, citizenship, positions are as follows:

NAME	AGE	CITIZENSHIP	POSITION	PERIOD DURING WHICH THE INDIVIDUAL HAS SERVED AS SUCH
Robert Y. Cokeng	68	Filipino	President and Vice Chairman; Chairman and President	since1996 - 2007 to present
Ponciano K. Mathay	60	Filipino	Senior Vice President and Compliance Officer	2018 to present
Johnson U. Co	67	Filipino	Vice-President for Administration	2013 to present
Mark Ryan K. Cokeng	34	Filipino	Treasurer and Chief Financial Officer	2013 to present
Fina C. Tantuico	58	Filipino	Corporate Secretary	2009 to present

During the Annual Stockholders' Meeting held on 12 July 2006, the stockholders, constituting more than 2/3 of the issuer's outstanding capital stock, approved the proposed amendment to the By-Laws adopting the requirements of SRC Rule 38 on the nomination and election of Independent Directors. The aforesaid amendment to the company's By-Laws adopting the requirements of SRC Rule 38 was approved by the SEC on February 2008.

Pursuant to SRC Rule 38 as amended, the Company's Nominations Committee promulgated the following guidelines to govern the conduct of the nomination for independent directors:

1. The Committee shall ascertain that all candidates for nominees meet the qualifications of an independent director pursuant to the Code of Corporate Governance and applicable issuances from the SEC.

2. Each of the Committee members shall choose possible nominees from candidates nominated by shareholders. The nominees must meet the following minimum qualifications:

    (i) He shall have at least one (1) share of stock of the corporation;
    (ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
    (iii) He shall possess integrity/probity; and
    (iv) He shall be assiduous.

The members of the Nomination Committee of the Registrant are the following:

Robert Y. Cokeng	-	Chairman
Johnson U. Co		
Mark Ryan K. Cokeng		
Johnson Tan Gui Yee		
Charlie K. Chua	-	Independent Director

Nomination for Directorship. The nominees for Directors are all eleven (11) incumbent directors namely Robert Y. Cokeng, Charlie K. Chua, Johnson U. Co, Mark Ryan K. Cokeng, Johnny O. Cobankiat, Katrina Marie K. Cokeng, Mary K. Cokeng, Francis L. Chua, Peter L. Kawsek, Jr., Johnson Tan Gui Yee, and Rufino B. Tiangco. The Nomination committee has determined that they meet the qualifications for directors as outlined above. The nominees for Independent Directors are: Peter L. Kawsek, Jr. and Charlie K. Chua. Mr. Peter Kawsek was nominated by shareholder Betty C. Dy who is not related to the nominee. Mr. Charlie K. Chua was nominated by Arsenio Tang who is not related to the nominee.

Appraisals and Performance Report. The Board shall institute a system for Appraisal and Performance of the Directors based on attendance and contribution to discussion and matters brought to the Board for discussion and approval.

Director's discussions on self-dealing and related party transactions. Director is required to disclose if he has any related party interest in any matter brought before the Board.

(2) Significant Employees

There are no other persons other than the Registrant's executive officers who are expected to make a significant contribution to its business.

(3) Family Relationships

Mr. Robert Y. Cokeng is first cousin of Mr. Johnson U. Co. Mrs. Mary K. Cokeng is the spouse of Robert Y. Cokeng. Mr. Mark Ryan K. Cokeng is the son of Robert and Mary Cokeng. Ms. Katrina Marie K. Cokeng is the daughter of Robert and Mary Cokeng. Other than the ones disclosed, there no other family relationships known to the Registrant.

(4) Certain Relationship and Related Transaction

There is no transaction or proposed transaction during the last two (2) years to which the Registrant was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record beneficial owner or management or any member of the immediate families of such directors. The Registrant's subsidiary, Magellan Capital Holdings Corporation (MCHC), and certain of MCHC's subsidiaries and affiliates as well as Registrant's affiliate, Business Process Outsourcing International (BPOI), have transactions with each other such as rental contracts and intercompany loans. These transactions are on arms-length basis and, in the case of partially owned affiliates, are subject to approval of unrelated shareholders of these affiliates. In the case of rental contracts, the rental rates charged are similar to those charged to outside parties leasing similar properties.

No director has resigned or declined to stand for re-election to the Board of Directors since July 26, 2018, the date of the last annual stockholders' meeting, because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

As of December 31, 2018, MCHC and its subsidiary, Pinamucan Industrial Estates, Inc. (PIEI) have receivables from Magellan Utilities Development Corporation (MUDC), a minority owned affiliate of MCHC. As of December 31, 2018, the Registrant also had dividend receivables from its outsourcing affiliate, PTC and BPOI. Receivables from MUDC are fully provided for in the Audited Financial Statements.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(1) GENERAL

None of the directors and executive officers of the Registrant are paid any compensation as such. Among its officers, only Messrs. Fina Bernadette D.C. Tantuico, Robert Y. Cokeng, Johnson U. Co, and Mark Ryan K. Cokeng are paid professional fees and compensation by the Registrant or its affiliates, MCHC and PIEI, respectively. Directors are not paid any compensation by the Registrant other than a *per diem* of Five Thousand Pesos (₱5,000.00) per attendance of Board Meeting.

(2) SUMMARY COMPENSATION TABLE

Summary Compensation Table
Annual Compensation

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2021	-	-	
Johnson U. Co, Vice-President-Administration	2021	-	-	
Mark Ryan K. Cokeng, Treasurer	2021	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec.	2021	-	-	
Ponciano K. Mathay, SVP & Compliance Officer	2021	-	-	₱11,420,000.00[1>]
All Other Officers & Directors	2021	₱310,000.00	-	

- **Estimated**

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2020	-	-	
Johnson U. Co, Vice-President-Administration	2020	-	-	₱10,770,507.00
Mark Ryan K. Cokeng, Treasurer	2020	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec	2020	-	-	
All Other Officers & Directors	2020	₱310,000.00		

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2019	-	-	
Johnson U. Co, Vice-President-Administration	2019	-	-	
Mark Ryan K. Cokeng, Treasurer	2019	-	-	₱10,713,464.00
Fina Bernadette D.C. Tantuico, Corporate Sec	2019	-	-	
All Other Officers & Directors	2019	₱280,000.00		

* The amount given represents the professional fees and compensation paid by the affiliates of Registrant.
*** Other directors and executive officers of the Registrant are not paid any compensation as such.

3) COMPENSATION OF DIRECTORS

Directors receive a *per diem* of ₱5000 *per* attendance at Board Meetings and no other compensation as such.[E]

[E] Pursuant to the Amended By-Laws, the Securities and Exchange Commission approved the Amendment of By-Laws Registrant's Board of Directors, During a regular meeting held on 28 February 2002 approved and adopted a resolution fixing the per diem at ₱5000 per attendance at Board Meetings.

(4) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no employment contracts nor any compensatory plan or arrangements with the Executive Officers of the Registrant.

(5) Warrants and Options Outstanding: Re-pricing

There are no existing warrants outstanding. One detachable Subscription Warrant was issued for each share subscribed under the share offering in 2002. Warrants for 723,727 "A" shares and 71,198 "B" shares were exercised. All the remaining warrants that were not exercised have expired as of May 2008. There are no options or warrants currently outstanding.

ITEM 7. LEGAL PROCEEDINGS

For the past six (6) years up to the present, there are no proceedings involving, and to the best of knowledge, threatened against the Registrant. As of **15 May 2020**, none of the current directors, or nominees for election as director, executive officer, underwriter or control person of the Registrant has been involved in or in the subject of any bankruptcy petition, conviction by final judgment, or is the subject of any order judgment or decree, or involved in any violation of a securities of commodities law.

However, with respect to its subsidiaries, following is a summary of pending litigation involving them:

(a) ***"Rolando M. Zosa v. Magellan Capital Holdings Corporation and Magellan Capital Management Corporation"***, Civil Case No. CEB-18619, Regional Trial Court of Cebu City, Branch 58; *Magellan Capital Management Corporation and Magellan Capital Holdings Corporation v. Rolando M. Zosa, et al."* G.R. No. 129916, Supreme Court; *Ad Hoc Arbitration with an Arbitral Tribunal composed of Justice Florentino P. Feliciano, as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members; Regional Trial Court, Branch 139, SP Proc. No. M-6259 and SP Proc. No. 6264; Court of Appeals, CA GR. SP-144096;CA GR SP NO. 144162.*

This is a case for damages instituted in May 1996, wherein complainant Zosa seeks to enforce his purported rights under his Employment Agreement with defendants and claims entitlement to the following reliefs, to wit:

(1) actual damages in the amount of ₱10,000,000;
(2) attorney's fees in the amount of ₱300,000; and
(3) expenses of litigation in the amount of ₱150,000.

Defendants sought a dismissal of the case, invoking the provision of arbitration in the Employment Contract. In a Decision dated 18 July 1997, the trial court declared invalid the arbitration clause providing for the manner by which the arbitrators will be chosen and substituted the provisions of the Arbitration Law therefore. The Supreme Court, on 26 March 2001 affirmed the trial court's decision which became final and executory. Arbitrators were appointed one by Zosa, on the one hand, and the other jointly appointed by MCHC and MCMC and a third jointly chosen by the two arbitrators.

Sometime in November 2004, the Arbitral Tribunal was finally constituted composed of Justice Florentino P. Feliciano as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members.

On 14 March 2005, the parties submitted to the Tribunal their Confirmation of Agreement to Submit to Arbitration. The Complainant has submitted its Statement of Claims & Memorials. The respondents have submitted their Statement of Defenses and are scheduled to submit their Counter-Memorials on 02 May 2004.

On 02 August 2005, the Memoranda of the parties were submitted and the case was submitted for resolution.

On 06 March 2005, the Tribunal rendered its decision awarding Zosa's claim for severance pay but disallowed his claims for attorney's fees and moral and exemplary damages and costs of suit.

On 12 April 2006, MCHC filed with the Regional Trial Court of Makati City, a verified petition with prayer for the issuance of an Order to Vacate the Arbitral Award, dated 6 March 2006, pursuant to Sections 22 to 29 of Republic Act No. 876 ("The Arbitration Law") and the relevant provisions of Republic Act No. 9825 (the "Alternative Dispute Resolution Act of 2004). Likewise, Zosa filed his Application for Confirmation of Award on 12 April 2006. The two cases were consolidated and are presently pending with Branch 139 of the Regional Trial Court of Makati as Sp. Proc. No. M-6259 and M-6264. The parties are presently awaiting the Court's resolution on the issue of whether the Application for Confirmation of Award was seasonably filed considering the non-payment of docket fees at the time of filing. On 17 March 2009, a hearing was held whereby the Court directed all the parties to submit their respective Memoranda. In compliance with the aforesaid order, MCHC submitted its Memoranda on 17 May 2009. The case was submitted for resolution on 29 January 2013.

On 29 June 2015, the Court rendered its decision confirming the arbitral award directing MCHC solidarily with MCMC to pay Zosa's severance compensation in the amount of ₱14,669,691.43. MCHC filed its Motion for Reconsideration on 23 July 2015 which was denied in an Order dated 7 January 2016. On 9 February 2016, MCHC filed with the Court of Appeals its Petition for Review of the Decision of the Regional Trial Court. MCMC likewise filed its appeal with the said appellate court. On August, 2019, the Court of Appeals denied the Petition for Review. Magellan Capital Holdings Corporation filed a

Motion for Reconsideration on 16 September 2019 – assailing the Court of Appeals' decision. The Motion for Reconsideration was denied by the Court of Appeals in its Resolution of 22 September 2020. MCHC has decided not to pursue the appeal. MCMC, however, went up to the Supreme Court on appeal. The case is currently pending in the Supreme Court.

(b) ***"People of the Philippines vs. Ariel Balatbat"***, Criminal Case No. 115515, Regional Trial Court of Pasig City, Branch 155. MCHC filed a complaint, through its authorized officer, against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount ₱41,021.50 (converted to US$1,000.00). On 29 October 2004, the Court rendered its decision finding the accused guilty beyond reasonable doubt of the crime of qualified theft under Article 310 of the Revised Penal Code and imposed the corresponding penalty of imprisonment of 10 years minimum to a maximum of 14 years. The Decision of the Regional Trial Court was appealed to the Court of Appeals. In a Decision rendered in February 2018, the Court of Appeals reversed the conviction of the accused. As of this writing, MCHC, decided not to appeal the aforesaid Decision of the Court of Appeals for humanitarian reasons, and because the accused had already spent some time in incarceration.

"People of the Philippines vs. Ariel Balatbat", Criminal Case No. 114955, Regional Trial Court of Pasig City, Branch 151. MUDC, through its authorized officer, has also filed a complaint against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount of ₱121,500.00 (equivalent to US$3,000.00), US$4,000.00, and US$1,020.00. Said amounts were never recovered or accounted for. The case is currently pending before the Regional Trial Court, which also issued a warrant of arrest for the same. The bail was set for ₱40,000.00. The accused was arrested and subsequently arraigned. Three (3) witnesses have been presented - two (2) from the bank and one (1) from MUDC.

On 28 February 2005, the Prosecution filed its "Formal Offer of Evidence". Defense rested its case on 4 December 2006. On 22 January 2007, the Prosecution presented its rebuttal evidence. The Memorandum for the Prosecution having been filed, the case was submitted for decision. As of this writing or on April 29, 2013 the Court rendered its decision finding the accused guilty of the crime of qualified theft and sentenced the accused to *reclusion perpetua*. It also ordered the restitution to MUDC of the amount of $4,000.00 or its peso equivalent ₱105,720.00 Pesos. The Court found no liability for the amount of $3,000.00 withdrawn it appearing that same was credited to private complainant. On appeal, the Court of Appeals, in a Decision dated 28 February 2017, reversed and set aside the Decision of the Regional Trial Court, dated 15 February 2013. As of this writing, MCHC, for humanitarian reasons, and the fact that the accused had already spent some time in incarceration, decided not to appeal the aforesaid Decision of the Court of Appeals.

c) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, Civil Case No. 066, Regional Trial Court, Taguig City, Branch 153.** This is a case, filed in 2016, for Injunction, with application for TRO and Writ of Injunction, against Spouses Mario and Preciosa Roño, the Taguig Register of Deeds, the Securities and Exchange Commission, Bureau of Internal Revenue, Taguig District to prevent the use of falsified documents including a fake Deed of Sale, fake General Information Sheet (GIS) and fake certificate of title, to transfer MCHC's property in Fort Bonifacio in favor of the Spouses Roño. This is in relation to the ongoing attempt by certain individuals to cause the transfer of title over MCHC's 985 square meter lot at Bonifacio Global City ("BGC") in their favor using falsified and spurious documents. The Regional Trial Court granted the preliminary injunction on 24 August 2016. The case is pending resolution on the grant of a permanent injunction. In an order dated 3 July 2017, the RTC referred the case for mediation proceedings which are ongoing as of this writing. On 15 March 2018, the Court deemed as submitted for resolution the Motion to declare defendants in default.

d) **Magellan Capital Holdings Corporation represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño et al, XV-16-INQ-16F-00541, Office of the City Prosecutor of Taguig; People of the Philippines vs. Marion S. Roño, Criminal Case No. 17-28768, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, Criminal Case No. 17-28769, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, Criminal Case No. 17-28771, Metropolitan Trial Court of Taguig City, Branch 115;People of the Philippines vs. Mario Roño and Preciosa Roño, Criminal Case no. 17-28770, Metropolitan Trial Court of Taguig City, Branch 116.** These criminal cases for Falsification under Article 171 in relation to Article 172 of the Revised Penal Code, were filed against the named individuals in connection with Civil Case No. 066. The Prosecutor in XV-16-INQ-16F-00541, found probable cause against the respondents and the corresponding Information was filed with the Metropolitan Trial Court. A Warrant of Arrest against the respondents was issued on 10 February 2017 and Arraignment was scheduled last 23 March 2017. On 12 May the MTC dismissed the accused's Omnibus Motion (1) to Quash for failure to state an offense (2) issue Bill of Particulars and (3) suspend proceedings in view of the pendency of accused's Petition for Review with the Department of Justice (DOJ) and (4) Suspend Arraignment. Arraignment was scheduled to be held on 15 May 2017. In an Order dated 22 May 2017, the RTC reset the arraignment to 14 August 2017. On 2 June 2017 the Department of Justice (DOJ) dismissed the petition for Review filed by the accused Spouses Rono. The accused was arraigned on 14 August 2017. Thereafter, the parties were referred to mediation and Judicial Dispute Resolution. No settlement was reached. The case was re-raffled to Branch 74 and scheduled for Preliminary Conference on 27 February 2019. The hearing dates for presentation of prosecution evidence are on 11 April, 9 May, 13 June, 29 July, 29 August, 23 September, 21 October, 18 November and 12 December 2019, all at 8:30 a.m.

On March 4, 2020, the parties executed a Compromise Agreement whereby the Accused agreed to pay the sum of Ten Million Pesos (₱10,000,000.00) to settle the case. In an

Order dated 5 March 2020, the Court approved the Compromise Agreement dated 4 March 2020 and provisionally dismissed the criminal case.

e) **Magellan Capital Holdings Corporation, represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño, Pedro S. Villaflor, John Doe and Jane Doe, IS No. XV-13-INV-16-J-02050, Office of the City Prosecutor of Pasay City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation Article 171 of the revised Penal Code (Use of Falsified documents). The falsified documents were used to open an account in Maybank, Villamor Base branch, Pasay City. In a Resolution dated 5 January 2017, the City Prosecutor dismissed MCHC's complaint. In Resolution dated 29 November 2017, the Motion for Reconsideration filed by MCHC was denied.

f) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, IS No. XV-03-INV-16J-10508, Office of the City Prosecutor of Quezon City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation to Article 171 (2) of the Revised Penal Code. The falsified documents appear as having been executed and notarized in Quezon City. In a Resolution dated 19 March 2018 which was received on 18 April 2018, the City Prosecutor's office dismissed the complaint against respondents. MCHC filed its Motion for Reconsideration of the aforesaid Resolution on 03 May 2018. As of this writing the said Motion is still pending resolution.

g) **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) vs. Maybank Philippines, Inc. Dato Dr. Tan Tat Wai, Herminio M. Famatigan Jr., Jonathan P. Ong, Jose A. Morales III and Milandro C. Urbano, OSI-AC-No. 2016-032, Bangko Sentral ng Pilipinas, Office of the Special Investigation; Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) v. Metropolitan Bank and Trust Company, Fabian S. Dee, Alfredo V. Ty, Arthur Ty, Francis Cua, Trixia C. Tan, Joyce P. Pareno and Grance C. Buenavista, OSI-AC_No. 2016-029, Bangko Sentral ng Pilipinas, Office of Special Investigation.** These cases were filed with the Bangko Sentral ng Pilipinas against two banks, Maybank and Metro Bank in connection with their participation in the aforementioned cases. In OSI-AC-No.2016-032, the BSP, in a Resolution, dated 21 November 2016, referred the case against Maybank to the Financial Consumer Protection Department (FCPD), Supervision and Examination Sector of the BSP. In a letter dated 02 February 2017, the FCPD informed MCHC that it in turn referred the matter to the attention of BSP departments exercising supervisory authority over banks. The Office of Special Investigation, in the meantime, continued to hear the administrative complaint against the respondents Dato Dr Tan Tat Wai, Herminio Famatigan, Jonathan P. Ong et al. In a Resolution dated 03 October 2017, the BSP Office of Special Investigation dismissed the administrative complaint against the said respondents. In a Resolution dated 09 January 2017, the BSP denied MCHC's Motion for Partial Reconsideration. With respect to OSI-AC No. 2016-029, the Office of Special Investigation, in a Resolution dated 20 March 2018, dismissed the administrative complaint filed by MCHC against Metro Bank and its Board of Directors.

ITEM 8. INDEPENDENT PUBLIC ACCOUNTANTS

Management intends to recommend the appointment of KPMG (R.G. Manabat & Co.) as the external auditor of the Corporation. Said accounting firm will replace SyCip Gorres Velayo & Co. which was first engaged by the Corporation as its external auditor in 1997 and re-appointed through 1998 to 2005 during the stockholders' meeting of said years. There has been no changes in and disagreements with SGV on its accounting and financial disclosure since their appointment in 1997. Prior to 1997, the external auditor of the Corporation was Velandria Dimagiba & Co. The change in the external auditor is not due to any disagreement between the Corporation and the former auditor on accounting and financial disclosures, or their resignation or dismissal.

The representatives of the Independent Auditors will be present at the Annual Stockholders' Meeting to answer any questions raised to or to make appropriate statements.

The members of the Registrant's Audit Committee are the following:

Peter L. Kawsek, Jr. - Committee Chairman and Independent Director
Robert Y. Cokeng
Mark Ryan K. Cokeng
Johnson Tan Gui Yee
Rufino B.Tiangco

ITEM 9. COMPENSATION PLANS

There is no action to be taken with respect to any plan pursuant to cash or non-cash compensation to be paid or distributed.

The members of the Registrant's Compensation Committee are the following:

Robert Y. Cokeng - Chairman
Mark Ryan K. Cokeng
Johnson U. Co
Rufino B. Tiangco
Charlie K. Chua - Independent Director

C. OTHER MATTERS

ITEM 10. ACTION WITH RESPECT TO REPORTS

Action will be required for the approval of the following matters:

(1) Minutes of the Annual Stockholders' Meeting held on September 28, 2020 – briefly, directors for the year 2020 were nominated and elected, and the following matters were approved:

(a) minutes of the 2019 Annual Stockholders' Meeting were approved;
(b) 2019 Audited Financial Statements were likewise approved;
(c) ratification of corporate actions taken in 2019;
(d) appointment of KPMG – R.G. Manabat & Co. as external auditor;

(2) Audited Financial Statements as of December 31, 2020; and
(3) Ratification of corporate actions taken by the Board of Directors for the year 2020.
(4) Appointment of KPMG (RG Manabat & Co.) as Independent Auditors. Enrico E. Baluyut will be the partner in charge for FY 2020.
(5) Election of members of the Board of Directors, including Independent Directors, for ensuing year.

Actions taken on the above minutes and reports will constitute approval or disapproval of any of the matters referred to in such minutes and reports.

ITEM 11. MATTERS NOT REQUIRED TO BE SUBMITTED

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

ITEM 12. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

No action is required for any amendment of the corporation's charter or By-laws.

ITEM 13. OTHER PROPOSED ACTION

No other action is to be taken with respect to any matter not specifically referred to above.

ITEM 14. DISAGREEMENTS

No director of the Registrant has informed the Registrant that he opposes any action intended to be taken or taken by the Registrant.

ITEM 15. VOTING PROCEDURES

Provided there is present, in person through remote communication, the owners of a majority of the outstanding capital stock of the Corporation:

(1) matters presented for approval by the shareholders, other than election of directors, will be considered approved upon the affirmative vote of a majority of the shareholders present at the meeting, and

(2) candidates for the positions of Directors of the Corporation receiving the highest number of votes shall be declared elected.

Voting Procedures

(a) Vote required

The affirmative vote of the at least majority of the issued and outstanding capital stock entitled to and represented at the Annual Stockholders' Meeting is required for the approval of the matters presented to the stockholders for decision. The election of Directors is by plurality of votes.

(b) Method of voting

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. In light of the Regulations (as defined in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary at fjphco@gmail.com on or before September 9, 2021.

A stockholder may vote electronically in absentia using the online web address, fjphco@gmail.com subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Committee of Inspectors and Ballots of the Company and the results will be validated by an independent third party.

Each shareholder may vote *in absentia*, or by proxy the number of shares of stock standing in his name on the books of the Corporation. Each share represents one vote. In accordance with the By-laws of the Corporation, the election of directors and/or approval of any other matters presented to the shareholders shall be by ballot, and the Corporate Secretary shall count the votes cast. The Guidelines for shareholders to register for the Zoom meeting are shown in the company website fjprince.com.

Voting through Remote Communication; Voting In Absentia

The stockholders who have sent their intention to participate in the ASM shall be notified via email of their log-in passwords for the zoom meeting. The stockholders can then cast their votes during the zoom meeting.

ITEM 16. MATTERS TAKEN UP DURING THE ANNUAL STOCKHOLDERS' MEETING HELD ON SEPTEMBER 28, 2020.

1. **Attendance**: 396,645,744 shares represented in person or by proxy representing 82% of the 481,827,653 outstanding shares. One vote per share.

2. **Directors and Nominees attending:**

Name of Stockholder	Number of Shares
Board of Directors	
1. Robert Y. Cokeng	15,713,072
2. Mark Ryan K. Cokeng	10,000
3. Johnson Tan Gui Yee	15,371,747
4. Katrina Marie K. Cokeng	10,000
5. Johnson U. Co	1,100,000
6. Rufino B. Tiangco	128,000
7. Mary K. Cokeng	1,000
8. Francis L. Chua	100,000
9. Johnny O. Cobankiat	5,851,076
10. Peter L Kawsek, Jr.	1,000
11. Charlie K. Chua	10,000
TOTAL	**39,716,395**

Other shares in attendance: 356,929,349

3. **Matters for approval**

	Votes Taken		
	Approved	Disapproved	Abstain
(a) Minutes of the previous meeting	396,645,744	NIL	NIL
(b) 2019 Audited Financial Statements	396,645,744	NIL	NIL
(c) Ratification of corporate actions taken	396,645,744	NIL	NIL

(d) Election of Directors

Charlie K. Chua	396,645,744	NIL	NIL
Francis L. Chua	396,645,744	NIL	NIL
Johnson U. Co	396,645,744	NIL	NIL
Johnny O. Cobankiat	396,645,744	NIL	NIL
Katrina Marie K. Cokeng	396,645,744	NIL	NIL
Mark Ryan K. Cokeng	396,645,744	NIL	NIL
Mary K. Cokeng	396,645,744	NIL	NIL
Robert Y. Cokeng	396,645,744	NIL	NIL
Peter L. Kawsek, Jr.	396,645,744	NIL	NIL
Johnson Tan Gui Yee	396,645,744	NIL	NIL
Rufino B. Tiangco	396,645,744	NIL	NIL

Messrs. Charlie K. Chua and Peter L. Kawsek, Jr. were elected as Independent Directors

(e) Appointment of KPMG – R.G. Manabat & Co. as external auditor for fiscal year 2020 396,645,744 NIL NIL

4. Open Forum

After the presentation, the floor was open for questions to be raised by any stockholder in attendance. No questions were raised.

F & J Prince Holdings Corporation

02 August 2021

SECURITIES AND EXCHANGE COMMISSION
Secretariat Bldg., Vicente Sotto Street, PICC Complex, Pasay City

Attention : MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

Attention : MS. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen :

This is to certify that none of the current Directors of F & J Prince Holdings Corporation are employed by, or holding positions in, or are in any way connected with any government agency or instrumentality of the government. Other than this no other officer of the Corporation is employed by, or holding position in, or in any way connected with any government agency or instrumentality of the government.

The undersigned is a senior lecturer at the University of the Philippines College of Law and is also a member of the Inter-Country Placement Committee of the Inter-Country Adoption Board (ICAB).

This Certification is issued in compliance with the directive of the Securities & Exchange Commission (in compliance with Office of the President Memorandum Circular No. 17, September 4, 1986), in relation to the submission of the Corporation's Preliminary Information Statement.

(ATTY.) FINA BERNADETTE D.C. TANTUICO
Corporate Secretary

5/F Citibank Center, 8741 Paseo de Roxas, Makati City 1226
Tel. Nos.: 8927133 • 8927137 • 8929443 • Fax Nos.: 8927127 • 8927150
Email Address: fjphco@gmail.com

SIGNATURE

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.

August 25, 2021, Makati City, Philippines.

F & J Prince Holdings Corporation

By:

ROBERT Y. COKENG
President

My Documents>F&J>2021 Files>
SEC Form 20-IS>Definitive IS

PART II
INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

The proxy is being solicited by *I & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders Meeting to be held on **Friday, September 17, 2021 at 2:00 PM via ZOOM.**

Item 2. Instruction

In order that your securities may be represented at the meeting in case you are not personally present, please complete, sign and date the Proxy Form.

The Corporation shall be pleased to vote your securities in accordance with your wishes if you will execute the Proxy Form and return the same promptly. It is understood that if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting. The Chairman of the meeting is hereby authorized and empowered to fully exercise all rights as the attorney and proxy at such meeting.

Item 3. Revocability of Proxy

The shareholder may revoke the proxy issued by him at any time prior to its use by the party who is thereby authorized to exercise the same. The By-laws do not provide any formal procedure by which revocation shall be done. However, the By-laws provide that no proxy bearing a signature that is not legally acknowledge, shall be recognized at any meeting unless such signature is known and recognized by the secretary of the meeting. Furthermore, proxies for meetings must be filed with and received at the offices of the Corporation at least five (5) days prior to the date of the meeting.

Item 4. Persons Making the Solicitation

The solicitation of proxies is being undertaken by the Corporation in order to obtain the required quorum and the required vote to approve the subject matter of the annual meeting. No director has informed the Corporation of any intention to oppose the matters to be taken up in the annual meeting. No director or executive officer of the Registrant has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

In addition to ordinary mail, the Corporation, in coordination with its stock and transfer agent, intends to utilize the usual couriers and messengers to undertake the personal delivery of the proxy forms. No special contracts for courier or delivery services have been entered into. Costs will be limited to the normal costs of such services.

The costs of distributing this Information Statement and of soliciting the relevant proxies, which will be approximately Thirty Thousand Pesos (₱30,000.00) shall be borne by the Corporation.

PROXY

This proxy is being solicited by *S & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders' Meeting to be held on **Friday, September 17, 2021 at 2:00 PM via Zoom.**

In order that your securities may be represented at the meeting in case you are not personally present, please complete, sign and date this Proxy Form.

The Corporation shall be pleased to vote your securities in accordance with your wishes if you will execute this Proxy Form and return the same promptly. It is understood that if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting. The Chairman of the meeting is hereby authorized and empowered to fully exercise all rights as the attorney and proxy at such meeting.

Hereunder are the matters to be taken up during the meeting, please indicate your proposal selection by firmly placing an "X" in the appropriate box:

1. **Approval of the Minutes of the September 28, 2020 Annual Stockholders' Meeting.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

2. **Approval of the Audited Financial Statements as of December 31, 2020.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

3. **Ratification of Corporate Acts.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

4. **Election of Directors.**

Nominees	Authority to Vote Granted	Authority to Vote Withheld
1. Francis L. Chua	☐	☐
2. Johnson U. Co	☐	☐
3. Johnny O. Cobankiat	☐	☐
4. Katrina Marie K. Cokeng	☐	☐
5. Mark Ryan K. Cokeng	☐	☐
6. Mary K. Cokeng	☐	☐
7. Robert Y. Cokeng	☐	☐
8. Rufino B. Tiangco	☐	☐
9. Johnson Tan Gui Yee	☐	☐
Independent Directors:		
10. Charlie K. Chua	☐	☐
11. Peter L. Kawsek, Jr.	☐	☐

5. **Appointment of KPMG (R.G. Manabat & Co.) as External Auditor of the Corporation for the Fiscal Year January to December 2021.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

This Proxy shall confer discretionary authority to vote with respect to any of the following matters:

1. Matters which the Corporation does not know a reasonable time before this solicitation, are to be presented at the meeting; and
2. Matters incident to the conduct of the meeting.

No director of the Registrant has informed the Registrant that he opposes any action intended to be taken or taken by the Registrant.

IN WITNESS WHEREOF, the undersigned stockholder has executed this proxy this ______ day of _____________ 2021, at ___________________________________.

____
Usual Signature

____
Print Name Here

____
Address

FJP

2020
Management Report

F & J Prince Holdings Corporation

STOCK TRADING PRICE INFORMATION

The shares of the Registrant are listed with the Philippine Stock Exchange.

The high and low prices for each quarter within the last two (2) fiscal years and 1st quarter of 2021 are as follows:

QUARTER; YEAR	CLASS "A"		CLASS "B"	
	High	Low	High	Low
1st Quarter, 2019	5.28	4.02	5.20	4.50
2nd Quarter, 2019	4.50	3.90	5.18	4.50
3rd Quarter, 2019	4.86	3.58	5.20	5.20
4th Quarter, 2019	4.50	3.01	3.61	3.43
1st Quarter, 2020	3.77	3.25	3.81	3.61
2nd Quarter, 2020	4.08	2.77	-	-
3rd Quarter, 2020	3.80	2.82	3.83	3.83
4th Quarter, 2020	3.80	2.90	3.83	3.40
1st Quarter, 2021	3.47	2.75	4.61	2.61
2nd Quarter, 2021	3.20	2.95	3.30	3.30

Note 1: Dividends amounting to ₱0.10 per share were declared and paid out in 2020. Dividends of ₱0.20 per share were declared and paid by the company in 2020.

Note 2: Class "A" shares may be owned only by Filipino citizens while Class "B" shares may be owned by Filipino citizens as well as foreigners.

Note 3: Latest market price traded was ₱3.20 per share for Class "A" shares transacted on July 30, 2020; and ₱3.80 per share for Class "B" shares transacted on March 8, 2020.

Number of Shareholders

As of June 15, 2020, the Registrant had Four Hundred Seventy (470) stockholders of record, as follows: Class "A" shares – Four Hundred Thirty Three (433) shareholders; Class "B" shares – Forty Two (42) shareholders; and shareholders owning both Class "A" and "B" – Seven (7) shareholders.

Dividends

Dividends amounting to ₱0.10 per share were declared and paid in 2020. Dividends of ₱0.20 per share were declared and paid in 2019.

Under the Registrant's By-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

F & J Prince Holdings Corporation

Management Report

Annual Stockholders' Meeting

September 17, 2021

Contents

REPORT OF THE CHAIRMAN AND PRESIDENT

The Registrant's consolidated revenue in 2020 increased to ₱111.8 million from ₱103.3 million in 2019. Equity in net earnings of associates improved to ₱32.1 million in 2020 from ₱5.3 million in 2019 as Pointwest generated a profit of $1.5 million in 2020 after reporting losses in 2019 and 2018 due to the loss of a major account and revenue reduction from another major account. At the same time, Business Process Outsourcing International (BPOI), the Registrant's other associate showed lower earnings of ₱26.3 million in 2020 from ₱62.8 million in 2019 due mainly to higher expenses caused by the Covid-Pandemic. Interest income decreased to ₱21.2 million in 2020 from ₱36.3 million in 2019 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange loss of ₱28.2 million was recorded in 2020 versus a loss of ₱22.8 million in 2019 as the Peso improved against foreign currencies which penalized the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent decreased slightly from ₱25.1 million in 2019 to ₱23.3 million in 2020 due to higher vacancy. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱21.9 million was recorded in 2020 versus P3,435 in 2019. Dividend income decreased to ₱3.7 million in 2020 from ₱4.9 million in 2019. Fair value gain on Financial Assets at FVPL was ₱1.3 million in 2020 compared to ₱27.7 million in 2019 as prices of listed securities improved slightly in 2020.

Total consolidated expenses of the Registrant increased to ₱65.8 million in 2020 compared to ₱59.6 million in 2019 due mainly to higher foreign exchange losses.

As a result of the above, total consolidated income before tax in 2020 totaled ₱46.1 million compared to ₱43.7 million in 2019. After provision for income tax, total consolidated net income after tax totaled ₱43.4 million in 2020 compared to ₱33.6 million in 2019.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled ₱0.4 million in 2020 compared to ₱1.4 million in 2019.

Net income attributable to equity holders of the Registrant totaled ₱43.0 million in 2020 compared to ₱32.2 million in 2019.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2020, the Registrant's consolidated cash and cash equivalent totaled over ₱523.5 million compared to ₱582.3 million as of December 31, 2019. The Registrant and its subsidiary are planning to undertake development of MCHC's land in Fort Bonifacio into an office building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱38 million at year-end 2020 compared to ₱51.7 million at year-end 2019. Total equity amounted to ₱1.9 billion as of the end of 2020 substantially the same level as at the end of 2019.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2020 totaled ₱523.5 million compared to ₱582.3 million at the end of 2019 while total current assets totaled ₱751.7 million at year-end 2020 compared to ₱888.1 billion at year-end 2019. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

The following is a detailed discussion of the company direct and indirect subsidiaries and its affiliated associates:

MAGELLAN CAPITAL HOLDINGS CORPORATION (MCHC)

Magellan Capital Holdings Corporation (MCHC), your Company's 95% owned subsidiary, is involved in the development of and investment in infrastructure and power generation projects. Established in 1990, MCHC has ₱689 million in paid-in capital and ₱1,800.2 million in consolidated shareholders' equity as of December 31, 2020. After the acquisition of the block of shares owned by PSEG Philippine Holdings LLC. in December 2006, your Company owns 95% of the outstanding shares of MCHC and effectively controls and manages MCHC.

MCHC was until December 2006, 28% owned by PSEG Philippine Holdings LLC, a unit of the Public Service Enterprise Group (PSEG), the largest energy holding company in New Jersey and one of the largest in the United States.

MCHC's total consolidated assets at year-end 2020 was ₱1,857.6 million compared to ₱1,905 million at end of 2019. The primary reason for the decrease was the reduction in Financial Assets due to Net Financial Assets at FVOCI.

MCHC's consolidated revenues for the year 2020 totaled ₱94.3 million compared to P84.3 million in 2019. Most of the increase was accounted for by Fair Value Gains on Financial Assets at FVPL which turned from a loss of ₱13.1 million in 2018 to a gain of ₱28.1 million due to recovery in the prices of listed stocks and bond investments held by the Registrant and its subsidiaries. Consolidated expenses went down to ₱34.5 million in 2020 from ₱39.3 million in 2019 due mainly to lower tax and licenses. As a result of the above, net income after tax rose to ₱59.8 million in 2020 from ₱44.9 million in 2019. Net income after tax rose to ₱48.5 million in 2020 from ₱59.8 million in 2019.

The President and CEO of MCHC is Mr. Robert Y. Cokeng, who is also President of your Company.

MCHC owns 43% of Magellan Utilities Development Corporation (MUDC) which is discussed below. MCHC also owns the entire fifth floor of the Citibank Center Building in Makati as well as three (3) units in the adjacent Citibank Tower Building. It has also acquired one floor in the JMT Condominium Building in Ortigas Center. Almost half of the floor in Citibank Center is used by your Company as well as MCHC and its subsidiaries as its corporate offices. One unit is leased to Business Process Outsourcing International, a 35% owned affiliate of the Company. The other two units available for lease have also been rented out. The condo units in the Citi Tower Building are also currently leased out. MCHC also owns a 985 square meter lot in Fort Bonifacio that it intends to develop into an office building. However, because of the current pandemic, construction of the building may be postponed to next year. MCHC has also recently acquired three condominium units in Two Roxas Triangle in Makati for investment purposes.

MAGELLAN UTILITIES DEVELOPMENT CORPORATION (MUDC)

Magellan Utilities Development Corporation (MUDC) is an MCHC project company developing a 320 MW Power Project in Pinamucan, Batangas. MCHC directly owns 43% of MUDC. GPU Power Philippines, Inc., a unit of GPU Corporation (GPU), former U.S. parent company of the Manila Electric Company (MERALCO), owns 40% of MUDC. MERALCO was established by a predecessor company of GPU during the American colonial era and was a wholly owned subsidiary of GPU until 1962 when MERALCO was acquired by a Lopez - led investor group.

With the continued uncertainty over the project being developed by MUDC, MUDC at the urging of its outside auditors had in 2004 written-off all its project development expenditures. It had in 2003 already written-off all pre-operating expenses as dictated by new accounting standards that became effective in 2003. With these write-offs, MUDC now has negative equity of ₱257 million as of year-end 2015. In 2005, your Company decided not to continue development of the project. Your Company's exposure including those of MCHC and its subsidiary, Pinamucan Industrial Estates, Inc., in the project have been provided for and will not have any impact on the Company's financial position. MCHC, along with other shareholders of MUDC, will evaluate the future course of action for MUDC, including possible liquidation.

POINTWEST TECHNOLOGIES CORPORATION (PTC)

PTC is a global service company offering outsourced IT services in the Philippines. It is led by an experienced management team that helped pioneer offshore outsourcing in the Philippines. The registrant is a founding shareholder of PTC and owns 30% of its equity. Among others, PTC offers software servicing, maintenance, testing, and development to various clients mostly in the United States. It started operations in 2003 and had built up to a staffing level of over One Thousand (1,000) IT Professionals and Support staff. But recent restructuring due to loss of two major accounts has reduced staffing level to below One Thousand. PTC's consolidated revenue in 2019 reached over Fourteen Million US Dollars ($14 Million). Net loss of PTC was reduced by half to $1.0 Million in 2019 from $2 Million in 2018 as its retrenchment bore results. In 2020, PTC registered a net income of $1.5 Million on revenue of $14.4 Million reversing the losses incurred in the previous two years.

BUSINESS PROCESS OUTSOURCING INTERNATIONAL, INC. (BPOI)

Business Process Outsourcing International, Inc. (BPOI) is a provider of accounting and finance related services such as payroll services, internal audit, payables processing and others. It has a total staff of over 400 servicing many of the multinational and large corporations operating in the country. BPOI was spun off from the BPO Department of SGV & Co., the biggest auditing firm in the country.

Your Company owns 35% of BPOI after it acquired another 8.75% in 2005. BPOI revenues in 2020 exceeded ₱411 million and it has a staff of over 400 accountants and support staff. Net income dropped to ₱26.3 Million in 2020 from ₱62.8 Million in 2019 due to expenses brought about by the covid pandemic.

CONCLUSION

Your Company generated a consolidated net income of ₱33.7 million in 2020 compared to a net income of ₱13.1 in 2019. The main reason was equity in net earnings of associates which went from net loss of ₱14.2 million in 2018 to equity in net earnings of associates of ₱5.30 million in 2019. Pointwest Technologies, your company's 30% owned associates, reduced its losses in 2019 as its retrenchment efforts bore fruit. An improvement in net income of BPO International, your company's 35% owned affiliate, was enough to offset the losses at Pointwest resulting in an equity in net earnings of ₱5.3 million in 2019.

A net foreign exchange loss of ₱22.9 million was recorded in 2020 versus a foreign exchange gain of ₱31.6 million in 2019 as the Peso improved against foreign currencies which penalized the foreign exchange denominated bonds and other securities owned by the Registrant and its subsidiaries.

As a result of the above and dividend payments made in 2019, total consolidated equity attributable to equity holders of the Registrant decreased to P1,780 million at year-end in 2019 compared to ₱1,844.7 million at year-end 2018.

The Company and its subsidiary has been increasing its investment in income producing properties in the last few years. Its subsidiary, MCHC, will also develop its lot in Fort Bonifacio into an office building generating lease income. However, construction of the building is being deferred due to the covid-19 pandemic.

With the support of the Directors, Officers, Staff and Shareholders, we look forward to the Company's future prospects and continued success. We again reiterate our thanks to the Shareholders for their continued support.

ROBERT Y. COKENG
Chairman & President

BUSINESS AND GENERAL INFORMATION

A. BUSINESS DEVELOPMENT

The Registrant was incorporated and registered with the Securities and Exchange Commission ("SEC") on 18 February 1971 to engage primarily in the business of mining, including mineral and oil exploration. Its shares were registered and listed with the SEC in 1979 and thereafter listed and traded at the Manila Stock Exchange. Presently, its shares are listed with the Philippine Stock Exchange ("PSE").

On 28 July 1997, the Registrant's primary purpose was changed to that of a holding company. At present, the Registrant holds a 94.34% majority interest in Magellan Capital Holdings Corporation ("MCHC").

In addition, the Registrant owns 30% of Pointwest Technologies Corporation ("PTC"), a software servicing and development company. The Registrant also owns 35% of Business Process Outsourcing International, Inc. ("BPOI") a provider of accounting-based business process outsourcing ("BPO") services to a large number of clients.

From its incorporation to the present, the Registrant has not been subject to any bankruptcy, receivership or similar proceedings. There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets other than in the ordinary course of business and other than the sale by MCHC of its shares in one of its subsidiaries to J.G. Summit Holdings, Inc.

Business Development of the Registrant's Subsidiaries

Magellan Capital Holdings Corporation ("MCHC"), is a corporation which was incorporated and registered with the SEC on 06 November 1990. The Registrant owns a 94.37% majority interest in MCHC. MCHC's primary purpose is to engage in the business of identifying, developing and implementing infrastructure and industrial projects. On December 7, 2006, the Registrant acquired the shares of MCHC owned by PSEG Philippines Holdings LLC which represented a 27.67% total equity stake in MCHC. As a result of this transaction, the Registrant increased its ownership stake in MCHC from 66.67% to 94.37%. Because the shares were acquired at a substantial discount to book value, the Registrant booked a gain of ₱201.3 million representing excess of fair value of net assets acquired over cost in 2006.

MCHC owns 100% of the shares of the following companies:

NAME OF COMPANY	DATE OF INCORPORATION	PRIMARY PURPOSE
Pinamucan Industrial Estates, Inc.	05 May 1993	Real Estate holding and Development
Malabrigo Corporation	31 August 1993	Mining
Magellan Capital Trading, Inc.	04 January 1991	Trading
Magellan Capital Realty Development Corporation	14 November 1990	Realty

From its incorporation to the present, none of the Registrant's above-named subsidiaries have been subject to any bankruptcy, receivership or similar proceedings. There has also been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of their assets other than in the ordinary course of business.

Business of Registrant

Description of Registrant

The Registrant is a holding company. At present, it owns almost 95% of its subsidiary, MCHC, which is currently invested in real estate assets and in bond and stock investments and in shares of its subsidiaries. Most of the Registrant's indirect operating subsidiaries, i.e. MCHC's subsidiaries, are in development of infrastructure projects, as well as landholding and development. The Registrant also owns 30% of PTC, a soft ware servicing development company and 35% of BPOI, a company providing accounting, finance and payroll services which it acquired in 2004 and 2005.

Percentage of Consolidated Total Revenues

Breakdown of Revenues for the year 2020

	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings (Losses) of Associates	₽ 32,071,045	28.7%
Interest Income	21,230,126	19.0%
Gain on Disposal of AFS, FVPL and HTM Financial Assets	21,917,315	19.6%
Rent	23,332,404	20.9%
Dividend Income	3,654,824	3.3%
Fair Value Gain (Loss) on Financial Assets of FVPL	1,291,073	1.1%
Gains on Disposal of Property and Equipment	363,762	0.3%
Gains (Losses) on Disposal of Financial Assets at FVOCI	(2,117,380)	(1.9%)
Others	10,102,064	9.0%
Total	**₽ 111,845,233**	**100.00%**

Breakdown of Revenues for the year 2019

	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings of Associates	₽ 5,344,072	5.2%
Interest Income	36,276,019	35.1%
Gain on Disposal of AFS and FVPL Financial Assets	3,435	-
Rent	25,140,621	24.3%)
Dividend Income	4,856,887	4.7%
Fair Value Gain on Financial Assets at FVPL	27,685,974	26.8%
Gain on Disposal of Financial Assets at FVOCI	3,915,722	3.8%)
Others	78,240	0.1%
Total	**₽ 103,300,970**	**100.00%**

The Registrant's consolidated revenue in 2020 increased to ₱111.8 million from ₱103.3 million in 2019. Equity in net earnings of associates increased from ₱5.3 million in 2019 to ₱32.1 million in 2020 as Pointwest Technologies Corporation improved its earnings performance in 2020. Rent decreased from ₱25.1 million in 2019 to ₱23.3 million in 2020 due to some Lessors ending their Leases. Gain on disposal of Financial Assets at FVPL was ₱21.9 million in 2020 compared to ₱3,435 in 2019. Dividend income decreased to ₱3.6 million in 2020 from ₱4.8 million in 2019. Fair value gain on Financial Assets at FVPL was ₱1.3 million in 2020 compared to ₱27.7 million in 2019. Loss on disposal of Financial Assets at FVOCI was ₱2.1 million compared to a gain of ₱3.9 million in 2019.

B. PRINCIPAL PRODUCTS AND SERVICES OF MCHC

Currently, MCHC, the Registrant's subsidiary, has direct holdings in real estate and stock and bond investments. It also owns shares in subsidiaries and affiliates engaged in development of infrastructure projects and in real estate investment and development.

(a) Power Generation Project Companies

As a result of the crippling power shortages in the 1980s, the Philippine government launched its program to encourage private sector participation in the power industry through the enactment of Executive Order No. 215 ("EO 215"). Under EO 215, independent power producers ("IPPs") may participate in bulk generation to serve the requirements of the National Power Corporation ("NPC"), electric cooperatives, private utilities and other customers. It was against this background that MCHC's power generation project companies, Magellan Utilities Development Corporation ("MUDC"), Magellan Cogeneration, Inc. ("MCI") and Mactan Power Corporation ("MPC") were organized, on the basis of BOO schemes under Republic Act No. 6957, as amended by Republic Act No. 7718. The MPC project was sold by MCHC in 1997 right before the onset of the Asian economic crisis. The MCI project was completed and sold in 1998.

MUDC, which was established to develop an approximately 320MW power plant in Pinamucan, Batangas is 43%-owned by MCHC. The other major shareholder in MUDC is GPU Power Philippines, Inc. ("GPU Power"), with a 40% equity interest. GPU Power is a subsidiary of GPU Corporation ("GPU"), the former parent company of Manila Electric Company ("MERALCO"). GPU was a U.S.-based energy holding company with about US$11 billion in assets that operates utilities and power plants in New Jersey and Pennsylvania, U.S.A. GPU has been acquired by First Energy Corporation of Ohio which has decided to withdraw from the project and has done so by liquidating GPU Power.

MUDC initially had a 25-year power sales contract with MERALCO, under which MUDC was to supply power to MERALCO from its 300 MW coal-fired power plant to be constructed in Pinamucan, Batangas. Under a Memorandum of Agreement executed in December 1998, the parties agreed to execute a power purchase agreement whereby MERALCO would purchase the power generated from MUDC's 320 MW power plant, which was to be fuelled primarily by natural gas. The said power purchase agreement has not yet been finalized.

As a result of the project's uncertain prospects, the Registrant's auditor recommended and management had agreed that provision be made for all project development expenditures and pre-operating expenses by MUDC in line with current accounting standards. MUDC has decided not to proceed with its power project due to MERALCO's unwillingness to enter into a revised Power Purchase Agreement and due to the withdrawal of its foreign partner, GPU. In addition, MCHC has almost fully provided for its receivables due from MUDC. In 2008, in the Registrant's Consolidated Financial Statements, receivables due to MCHC's subsidiary, Pinamucan Industrial Estates, Inc., were also fully provisioned. Thus, the Registrant's remaining exposure to the MUDC project is minimal (about ₱2.1 million) at the end of 2015.

(b) Real Estate Holding and Development Companies

Until July 2011, MCHC owned 100% interest in Batangas Agro-Industrial Development Corporation ("BAID").

BAID has the following wholly-owned subsidiaries which together with BAID own 50 hectares of land fronting Batangas Bay in Pinamucan, Batangas:

(1) Fruit of the East, Inc.;
(2) United Philippines Oil Trading, Inc.;
(3) Hometel Integrated Management Corporation;
(4) King Leader Philippines, Inc.;
(5) Samar Commodities & Industrial Corporation; and
(6) Tropical Aqua Resources, Inc.

In July 2011, MCHC sold all its shares in BAID to J.G. Summit Holdings, Inc. for a total consideration of ₱1.04 billion.

(c) Principal Products and Services of Pointwest Technologies Corporation ("PTC")

PTC is a global service company offering outsourced IT services from the Philippines. It is led by an experienced management team that helped pioneer offshore outsourcing in the Philippines. The Registrant is a founding shareholder of PTC and owns 30% of its equity. Among others, PTC offers software servicing, maintenance, testing, and development to various clients mostly in the United States. It started operations in 2003 and had built up to a staffing level of over One Thousand (1,000) IT professionals and Support Staff. But recent restructuring due to loss of two major accounts has reduced staffing level to about 500. PTC's consolidated net income in 2020 reached over US$ 1.5 Million US Dollars on revenues of $14.4 Million reversing the losses incurred in the previous two years.

(d) Principal Products and Services of Business Process Outsourcing International, Inc. ("BPOI")

BPOI is a provider of finance and accounting services such as payroll services, internal audit, payables processing and other accounting based services. It has a total of over 600 employees servicing many of the large multinationals operating in the country. BPOI was spun off from the BPO department of SGV & Co, the biggest auditing firm in the country. The Registrant is a major shareholder of BPOI with a 35% ownership stake. BPOI's net income dropped to ₱26.3 million in 2020 on revenue of ₱411.4 Million from ₱62.8 million in 2019 on revenue of ₱437.8 Million due mainly to higher expenses to cope with the Covid-Pandemic and measures to safeguard the health of its employees while continuing to operate.

Competition

Pointwest Technologies Corporation and BPOI face competition from other providers of software and business process outsourcing services both in the country and abroad. Outsourcing is a competitive industry and being competitive requires ability to provide quality and reliable service and ability to control costs so that operating margins are maintained at viable levels.

Transactions with and/or Dependence on Related Parties

The Registrant's subsidiary, MCHC and certain of MCHC's subsidiaries and affiliates as well as Registrant's affiliate, BPOI have transactions with each other such as rental contracts and intercompany loans. These transactions are on arms-length basis and, in the case of partially owned affiliates, are subject to approval of unrelated shareholders of these affiliates. In the case of rental contracts, the rental rates charged are similar to those charged to outside parties leasing similar properties.

Patents, Trademarks, Copyrights, Etc.

As previously stated, other than for MUDC's power supply agreement with MERALCO and Memorandum of Understanding with SPEX, there are no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts and the like, owned by or pertaining to the Registrant and its subsidiary, MCHC.

Costs and Effects of Compliance with Environmental Laws

Since MUDC has decided not to pursue its power project, there is no anticipated need to comply with any environmental regulations. The other affiliates which are involved in the outsourcing industry which mainly involve the use of computer and other office equipment are expected to have negligible environmental impact.

Employees

The Registrant has three (3) full time employees, one (1) each for accounting, clerical, and administrative and one (1) consultant, not including the employees and consultants retained by the Registrant's subsidiary and affiliates. The Registrant's employees are not subject to any Collective Bargaining Agreements (CBA), nor are they involved in or have threatened to strike for the past three (3) years. Aside from the mandatory 13th month pay and additional 14th month pay and service incentive leaves (vacation and sick) benefits and retirement benefits mandated by R.A. 7641, there are no other benefits that are granted by the Registrant to its employees. The Registrant does not anticipate the need to hire additional employees within the ensuing twelve (12) months.

Risk of the Business of the Registrant and Subsidiaries

1. Pointwest Technologies Corporation (PTC)

PTC would face the normal risks faced by an IT services company serving mostly foreign clients. These risks include: 1) the risk that PTC may not find or retain clients; 2) some contracts are on non-recurring basis and may not be renewed; 3) risk of contract dispute in case of customer dissatisfaction with the services provided; 4) risk of non-collection of receivables due to contract dispute or to financial problems of customers; 5) high staff turnover which may affect service quality; 6) ability to recruit and retain qualified IT professionals; (7) change in foreign exchange rates that may affect the operating margin of its businesses.

2. Business Process Outsourcing International, Inc. ("BPOI")

BPO would face the normal risks faced by a BPO company which are very similar to the risks faced by an IT services outsourcing company such as PTC. BPOI currently services only domestic clients but intends to develop its foreign business. The risks BPOI takes include: 1) the risk that BPOI may not find or retain clients; 2) some contracts are on non-recurring basis and may not be renewed; 3) risk of contract dispute in case of customer dissatisfaction with the services provided; 4) risk of non-collection of receivables due to contract dispute or to financial problems of customers;

5) high staff turnover which may affect service quality; 6) ability to recruit and retain qualified accounting and finance professionals.

3. Portfolio Investments

The Registrant and its subsidiaries and affiliates also invest their excess cash in bonds, stocks, mutual funds, and short-term placements. These involve government securities as well as corporate bond and stock investments which face the normal commercial risks such as price declines, payment defaults and foreign exchange risks in the case of foreign currency denominated investments. The Registrant and its indirect subsidiary Pinamucan Industrial Estate Inc. also own shares in ASLAN Pharmaceuticals Ltd., a Biotech company, which was listed in the Taiwan Stock Exchange last year and has also been listed in NASDAQ.

Other Interests

MCHC also has a 100% interest in a mining company, Malabrigo Corporation ("Malabrigo"). Malabrigo has a paid-up capital of ₱10,000,000.00 and limestone mining claims in Batangas, which are not considered significant in potential. It has also invested as a partner in a shopping center project in the United States.

The Registrant and Pinamucan Industrial Estates, Inc. (PIEI) have also invested in Aslan Pharmaceuticals Limited (Aslan), a biotech company focused on development of immunotherapies and targeted agents for Asia prevalent tumor types. The Registrant owns 936,000 shares while PIEI owns 1,497,388 shares of Aslan. Aslan's shares was listed in the Taipei Exchange on June 1, 2017 and its ADR 's were listed in NASDAQ in May of 2019.

Other than MUDC's power supply agreement with MERALCO and Memorandum of Understanding with SPEX, there are no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts and the like owned by or pertaining to the Registrant and its subsidiary, MCHC. Also, no substantial expenditures have been made for research and development activities for the past three (3) years.

PROPERTIES

Equity Interests. The Registrant' investment in MCHC, consists of shares of common stock with aggregate issued value representing approximately 94.37% of the outstanding shares of MCHC.

MCHC owns 70,458 shares of common stock, representing approximately 43% of the outstanding capital stock of MUDC. MUDC was set up to develop a 320 MW power plant project in Pinamucan, Batangas which has now been aborted. MCHC's exposure to MUDC has been fully provided for in the Consolidated Financial Statements.

MCHC also has equity interests in Pinamucan Industrial Estates, Inc. (100%-owned) and Malabrigo (100%-owned). MCHC also owns 100% of Magellan Capital Trading Corporation; Magellan Capital Realty Development Corporation, two inactive shell companies.

The Registrant owns common shares in Pointwest Technologies Corporation which represent a 30% ownership interest in the company. The Registrant also owns shares of BPOI equivalent to 35% ownership interest in BPOI.

Real Estate. The Registrant has no real estate holdings except through its subsidiary, MCHC.

(a) Condominium Units

MCHC owns five (5) office condominium units which comprise the entire 5th Floor of the Citibank Center building, located at 8741 Paseo de Roxas, Makati City, including five (5) appurtenant parking units, *per* a Deed of Sale executed on 26 April 2000. Three of the five units are being leased out and two units are used as the corporate offices of the Registrant and its subsidiaries. MCHC also owns an office condominium unit on the 25th Floor and two condominium units on the 16th Floor of the Citibank Tower Building in Makati (acquired in December 2014) and ten parking slots which are being leased out at prevailing commercial rates. MCHC also acquired in early 2017 one whole floor of the JMT Condominium Building in Ortigas Center. In 2018, MCHC has also acquired three condominium units in Two Roxas Triangle which were under construction and are expected to be turned over in 2021 and one residential condominium unit in Arya Residences in BGC which is currently leased out.

(b) Office Properties

MCHC, the Registrant's wholly-owned subsidiary, has relocated its corporate offices to its Citicenter Property which consists of the entire 5th Floor of the Citibank Center Building in Makati. The Registrant, as principal shareholder of MCHC, has been allocated office space by MCHC. MCHC has also leased out the four (4) remaining units. One of the units has been leased by Business Process Outsourcing International (BPOI) since February 16, 2009. Three other units are leased to other lessees. MCHC acquired at the end of 2014 two additional units in Citibank Tower which are currently leased out.

(c) Land/Property Ownership

MCHC has acquired a 985 m2 lot in Fort Bonifacio which it plans to develop into an office building for lease. MCHC acquired, at the end of 2014, two additional condominium office units in Citibank Tower which are currently leased out. At the end of 2016, MCHC also acquired one floor of office condo units in the JMT Condominium Building which are also currently leased out. As of 31 December 2017, the above land and properties are not subject to any mortgages, liens or encumbrances.

LEGAL PROCEEDINGS

For the past six (6) years up to the present, there are no proceedings involving, and to the best of knowledge, threatened against the Registrant. As of **15 May 2020**, none of the current directors, or nominees for election as director, executive officer, underwriter or control person of the Registrant has been involved in or in the subject of any bankruptcy petition, conviction by final judgment, or is the subject of any order judgment or decree, or involved in any violation of a securities of commodities law.

However, with respect to its subsidiaries, following is a summary of pending litigation involving them:

(a) ***"Rolando M. Zosa v. Magellan Capital Holdings Corporation and Magellan Capital Management Corporation"***, Civil Case No. CEB-18619, Regional Trial Court of Cebu City, Branch 58; *Magellan Capital Management Corporation and Magellan Capital Holdings Corporation v. Rolando M. Zosa, et al."* G.R. No. 129916, Supreme Court; *Ad Hoc Arbitration with an Arbitral Tribunal composed of Justice Florentino P. Feliciano, as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members; Regional Trial Court, Branch 139, SP Proc. No. M-6259 and SP Proc. No. 6264; Court of Appeals, CA GR. SP-144096; CA GR SP NO. 144162.*

This is a case for damages instituted in May 1996, wherein complainant Zosa seeks to enforce his purported rights under his Employment Agreement with defendants and claims entitlement to the following reliefs, to wit:

(1) actual damages in the amount of ₱10,000,000;
(2) attorney's fees in the amount of ₱300,000; and
(3) expenses of litigation in the amount of ₱150,000.

Defendants sought a dismissal of the case, invoking the provision of arbitration in the Employment Contract. In a Decision dated 18 July 1997, the trial court declared invalid the arbitration clause providing for the manner by which the arbitrators will be chosen and substituted the provisions of the Arbitration Law therefore. The Supreme Court, on 26 March 2001 affirmed the trial court's decision which became final and executory. Arbitrators were appointed one by Zosa, on the one hand, and the other jointly appointed by MCHC and MCMC and a third jointly chosen by the two arbitrators.

Sometime in November 2004, the Arbitral Tribunal was finally constituted composed of Justice Florentino P. Feliciano as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members.

On 14 March 2005, the parties submitted to the Tribunal their Confirmation of Agreement to Submit to Arbitration. The Complainant has submitted its Statement of Claims & Memorials. The respondents have submitted their Statement of Defenses and are scheduled to submit their Counter-Memorials on 02 May 2004.

On 02 August 2005, the Memoranda of the parties were submitted and the case was submitted for resolution.

On 06 March 2005, the Tribunal rendered its decision awarding Zosa's claim for severance pay but disallowed his claims for attorney's fees and moral and exemplary damages and costs of suit.

On 12 April 2006, MCHC filed with the Regional Trial Court of Makati City, a verified petition with prayer for the issuance of an Order to Vacate the Arbitral Award, dated 6 March 2006, pursuant to Sections 22 to 29 of Republic Act No. 876 ("The Arbitration Law") and the relevant provisions of Republic Act No. 9825 (the "Alternative Dispute Resolution Act of 2004). Likewise, Zosa filed his Application for Confirmation of Award on 12 April 2006. The two cases were consolidated and are presently pending with Branch 139 of the Regional Trial Court of Makati as Sp. Proc. No. M-6259 and M-6264. The parties are presently awaiting the Court's resolution on the issue of whether the Application for Confirmation of Award was seasonably filed considering the non-payment of docket fees at the time of filing. On 17 March 2009, a hearing was held whereby the Court directed all the parties to submit their respective Memoranda. In compliance with the aforesaid order, MCHC submitted its Memoranda on 17 May 2009. The case was submitted for resolution on 29 January 2013.

On 29 June 2015, the Court rendered its decision confirming the arbitral award directing MCHC solidarily with MCMC to pay Zosa's severance compensation in the amount of ₱14,669,691.43. MCHC filed its Motion for Reconsideration on 23 July 2015 which was denied in an Order dated 7 January 2016. On 9 February 2016, MCHC filed with the Court of Appeals its Petition for Review of the Decision of the Regional Trial Court. MCMC likewise filed its appeal with the said appellate court. On August, 2019, the Court of Appeals denied the Petition for Review. Magellan Capital Holdings Corporation filed a Motion for Reconsideration on 16 September 2019 – assailing the Court of Appeals decision. The Motion for Reconsideration was denied by the Court of Appeals in its Resolution of 22 September 2020. MCHC has decided not to pursue the appeal. MCMC, however, went up to the Supreme Court on appeal. The case is currently pending in the Supreme Court.

(b) ***"People of the Philippines vs. Ariel Balatbat"****,* Criminal Case No. 115515, Regional Trial Court of Pasig City, Branch 155. MCHC filed a complaint, through its authorized officer, against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount ₱41,021.50 (converted to US$1,000.00). On 29 October 2004, the Court rendered its decision finding the accused guilty beyond reasonable doubt of the crime of qualified theft under Article 310 of the Revised Penal Code and imposed the corresponding penalty of imprisonment of 10 years minimum to a maximum of 14 years. The Decision of the Regional Trial Court was appealed to the Court of Appeals. In a Decision rendered in February 2018, the Court of Appeals reversed the conviction of the accused. As of this writing, MCHC, decided not to appeal the aforesaid Decision of the Court of Appeals for humanitarian reasons, and because the accused had already spent some time in incarceration.

"People of the Philippines vs. Ariel Balatbat", Criminal Case No. 114955, Regional Trial Court of Pasig City, Branch 151. MUDC, through its authorized officer, has also filed a complaint against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount of ₱121,500.00 (equivalent to US$3,000.00), US$4,000.00, and US$1,020.00. Said amounts were never recovered or accounted for. The case is currently pending before the Regional

Trial Court, which also issued a warrant of arrest for the same. The bail was set for ₱40,000.00. The accused was arrested and subsequently arraigned. Three (3) witnesses have been presented - two (2) from the bank and one (1) from MUDC.

On 28 February 2005, the Prosecution filed its "Formal Offer of Evidence". Defense rested its case on 4 December 2006. On 22 January 2007, the Prosecution presented its rebuttal evidence. The Memorandum for the Prosecution having been filed, the case was submitted for decision. As of this writing or on April 29, 2013 the Court rendered its decision finding the accused guilty of the crime of qualified theft and sentenced the accused to *reclusion perpetua*. It also ordered the restitution to MUDC of the amount of \$4,000.00 or its peso equivalent ₱105,720.00 Pesos. The Court found no liability for the amount of \$3,000.00 withdrawn it appearing that same was credited to private complainant. On appeal, the Court of Appeals, in a Decision dated 28 February 2017, reversed and set aside the Decision of the Regional Trial Court, dated 15 February 2013. As of this writing, MCHC, for humanitarian reasons, and the fact that the accused had already spent some time in incarceration, decided not to appeal the aforesaid Decision of the Court of Appeals.

c) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, Civil Case No. 066, Regional Trial Court, Taguig City, Branch 153.** This is a case, filed in 2016, for Injunction, with application for TRO and Writ of Injunction, against Spouses Mario and Preciosa Roño, the Taguig Register of Deeds, the Securities and Exchange Commission, Bureau of Internal Revenue, Taguig District to prevent the use of falsified documents including a fake Deed of Sale, fake General Information Sheet (GIS) and fake certificate of title, to transfer MCHC's property in Fort Bonifacio in favor of the Spouses Roño. This is in relation to the ongoing attempt by certain individuals to cause the transfer of title over MCHC's 985 square meter lot at Bonifacio Global City ("BGC") in their favor using falsified and spurious documents. The Regional Trial Court granted the preliminary injunction on 24 August 2016. The case is pending resolution on the grant of a permanent injunction. In an order dated 3 July 2017, the RTC referred the case for mediation proceedings which are ongoing as of this writing. On 15 March 2018, the Court deemed as submitted for resolution the Motion to declare defendants in default.

d) **Magellan Capital Holdings Corporation represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño et al, XV-16-INQ-16F-00541, Office of the City Prosecutor of Taguig; People of the Philippines vs. Marion S. Roño, <u>Criminal Case No. 17-28768,</u> Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, <u>Criminal Case No. 17-28769</u>, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, <u>Criminal Case No. 17-28771</u>, Metropolitan Trial Court of Taguig City, Branch 115;People of the Philippines vs. Mario Roño and Preciosa Roño, Criminal Case no. 17-28770, Metropolitan Trial Court of Taguig City, Branch 116.** These criminal cases for Falsification under Article 171 in relation to Article 172 of the Revised Penal Code, were filed against the named individuals in connection with Civil Case No. 066. The Prosecutor in XV-16-INQ-16F-00541, found probable cause against the respondents and the corresponding Information was filed with the Metropolitan Trial Court. A Warrant of Arrest against the respondents was issued on 10 February 2017 and Arraignment was scheduled last 23 March 2017. On 12 May the MTC dismissed the accused's Omnibus Motion (1) to Quash for failure to state an offense (2) issue Bill of Particulars and (3) suspend proceedings in view of the pendency of accused's Petition for Review with the Department of Justice (DOJ) and (4) Suspend Arraignment. Arraignment was scheduled to be held on 15 May 2017. In an Order dated 22 May 2017, the RTC reset the arraignment to 14 August 2017. On 2 June 2017 the Department of Justice (DOJ) dismissed the petition for Review filed by the accused Spouses Rono. The accused was arraigned on 14 August 2017. Thereafter, the parties were referred to mediation and Judicial Dispute Resolution. No settlement was reached. The case was re-raffled to Branch 74 and scheduled for Preliminary Conference on 27 February 2019. The hearing dates for presentation of prosecution evidence are on 11 April, 9 May, 13 June, 29 July, 29 August, 23 September, 21 October, 18 November and 12 December 2019, all at 8:30 a.m.

On March 4, 2020, the parties executed a Compromise Agreement whereby the Accused agreed to pay the sum of Ten Million Pesos (P10,000,000.00) to settle the case. In an Order dated 5 March 2020, the Court approved the Compromise Agreement dated 4 March 2020 and provisionally dismissed the criminal cases.

e) **Magellan Capital Holdings Corporation, represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño, Pedro S. Villaflor, John Doe and Jane Doe, IS No. XV-13-INV-16-J-02050, Office of the City Prosecutor of Pasay City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation Article 171 of the revised Penal Code (Use of Falsified documents). The falsified documents were used to open an account in Maybank, Villamor Base branch, Pasay City. In a Resolution dated 5 January 2017, the City Prosecutor dismissed MCHC's complaint. In Resolution dated 29 November 2017, the Motion for Reconsideration filed by MCHC was denied.

f) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, IS No. XV-03-INV-16J-10508, Office of the City Prosecutor of Quezon City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation to Article 171 (2) of the Revised Penal Code. The falsified documents appear as having been executed and notarized in Quezon City. In a Resolution dated 19 March 2018 which was received on 18 April 2018, the City Prosecutor's office dismissed the complaint against respondents. MCHC filed its Motion for Reconsideration of the aforesaid Resolution on 03 May 2018. As of this writing the said Motion is still pending resolution.

g) **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) vs. Maybank Philippines, Inc. Dato Dr. Tan Tat Wai, Herminio M. Famatigan Jr., Jonathan P. Ong, Jose A. Morales III and Milandro C. Urbano, OSI-AC-No. 2016-032, Bangko Sentral**

ng Pilipinas, Office of the Special Investigation; **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) v. Metropolitan Bank and Trust Company, Fabian S. Dee, Alfredo V. Ty, Arthur Ty, Francis Cua, Trixia C. Tan, Joyce P. Pareno and Grance C. Buenavista, OSI-AC_No. 2016-029, Bangko Sentral ng Pilipinas, Office of Special Investigation.** These cases were filed with the Bangko Sentral ng Pilipinas against two banks, Maybank and Metro Bank in connection with their participation in the aforementioned cases. In OSI-AC-No.2016-032, the BSP, in a Resolution, dated 21 November 2016, referred the case against Maybank to the Financial Consumer Protection Department (FCPD), Supervision and Examination Sector of the BSP. In a letter dated 02 February 2017, the FCPD informed MCHC that it in turn referred the matter to the attention of BSP departments exercising supervisory authority over banks. The Office of Special Investigation, in the meantime, continued to hear the administrative complaint against the respondents Dato Dr Tan Tat Wai, Herminio Famatigan, Jonathan P. Ong et al. In a Resolution dated 03 October 2017, the BSP Office of Special Investigation dismissed the administrative complaint against the said respondents. In a Resolution dated 09 January 2017, the BSP denied MCHC's Motion for Partial Reconsideration. With respect to OSI-AC No. 2016-029, the Office of Special Investigation, in a Resolution dated 20 March 2018, dismissed the administrative complaint filed by MCHC against Metro Bank and its Board of Directors.

FINANCIAL AND OTHER INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Registrant's consolidated revenue in 2020 increased to ₱111.8 million from ₱103.3 million in 2019. Equity in net earnings of associates improved to ₱32.1 million in 2020 from ₱5.3 million in 2019 as Pointwest generated a profit of $1.5 million in 2020 after reporting losses in 2019 and 2018 due to the loss of a major account and revenue reduction from another major account. At the same time, Business Process Outsourcing International (BPOI), the Registrant's other associate showed lower earnings of ₱26.3 million in 2020 from ₱62.8 million in 2019 due mainly to higher expenses caused by the Covid-Pandemic. Interest income decreased to ₱21.2 million in 2020 from ₱36.3 million in 2019 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange loss of ₱28.2 million was recorded in 2020 versus a loss of ₱22.8 million in 2019 as the Peso improved against foreign currencies which penalized the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent decreased slightly from ₱25.1 million in 2019 to ₱23.3 million in 2020 due to higher vacancy. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱21.9 million was recorded in 2020 versus P3,435 in 2019. Dividend income decreased to ₱3.7 million in 2020 from ₱4.9 million in 2019. Fair value gain on Financial Assets at FVPL was ₱1.3 million in 2020 compared to ₱27.7 million in 2019 as prices of listed securities improved slightly in 2020.

Total consolidated expenses of the Registrant increased to ₱65.8 million in 2020 compared to ₱59.6 million in 2019 due mainly to higher foreign exchange losses.

As a result of the above, total consolidated income before tax in 2020 totaled ₱46.1 million compared to ₱43.7 million in 2019. After provision for income tax, total consolidated net income after tax totaled ₱43.4 million in 2020 compared to ₱33.6 million in 2019.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled ₱0.4 million in 2020 compared to ₱1.4 million in 2019.

Net income attributable to equity holders of the Registrant totaled ₱43.0 million in 2020 compared to ₱32.2 million in 2019.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2020, the Registrant's consolidated cash and cash equivalent totaled over ₱523.5 million compared to ₱582.3 million as of December 31, 2019. The Registrant and its subsidiary are planning to undertake development of MCHC's land in Fort Bonifacio into an office building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱38 million at year-end 2020 compared to ₱51.7 million at year-end 2019. Total equity amounted to ₱1.9 billion as of the end of 2020 substantially the same level as at the end of 2019.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2020 totaled ₱523.5 million compared to ₱582.3 million at the end of 2019 while total current assets totaled ₱751.7 million at year-end 2020 compared to ₱888.1 billion at year-end 2019. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

Top Five (5) Key Performance Indicators

The top five (5) performance indicators for the Registrant are as follows:

(1) Revenue Generation
(2) Change in net income
(3) Earnings per share
(4) Current ratio
(5) Book value per share

<u>Revenue Generation</u>. Revenue in the last three fiscal years are summarized below along with vertical percentage analysis:

(₱000)	YEAR 2020	PER-CENTAGE	YEAR 2019	PER-CENTAGE	YEAR 2018	PER-CENTAGE
Equity in net earnings of associates	P ₱ 32,071	28.7%	₱ 5,344	5.2%	₱ 26,727	400%
Interest Income	21,230	19.0%	36,276	35.1%	(15,046)	(41.5%)
Rent	23,332	20.9%	25,141	24.3%	(1,809)	(7.2%)
Dividend Income	3,655	3.3%	4,857	4.7%	(1,202)	(24.8%)
Fair Value Gains (Losses) on Financial Assets at	1,291	1.2%	27,686	26.8%	(26,395)	(95.3%)

FVPL						
Gain (Losses) on Disposal of AFS, HTM and FVPL Investments	19,800	17.7%	3,919	3.8%	15,881	305%
Others	10,466	9.4%	78	0.1%	10,388	13.200%
Total from continuing operation	**₱ 111,845**	**100.0%**	**₱ 103,301**	**100.0%**	**₱ 8,544**	**8.3%**

Because it is a holding company, the Registrant traditionally derived a large part of its revenue from its equity in net earnings of associates which in 2020 accounted for 28.7% of consolidated total revenues from continuing operations. However, 2018 saw equity in Net Losses of Associates as Pointwest experienced losses for the first time in its operating history as it lost a major account and saw reduced revenue from another major account. As a result, even though BPO International registered a rise in profits it was not enough to offset the losses from Pointwest. As a result, share in losses of Associates was P14.0 million in 2018 compared to an equity in net earnings of associates of P40.9 million in 2017. However, Pointwest embarked on a retrenchment program to cope with the reduced business volume as well as made efforts to secure new clients to replace the lost accounts. As a result, Pointwest loss in 2019 was reduced by half compared to 2018 and in 2020 was already in a profit position with a net income of $1.5 million. As a result equity in net earnings of Associates was ₱32.1 million in 2020 compared to ₱5.3 million in 2019 and a loss of ₱14.0 million in 2018. Interest income decreased in 2020 to ₱21.2 million from ₱36.3 million in 2019 due to lower rates of interest in the capital markets. Fair value gains on financial assets at FVPL was ₱1.3 million in 2020 compared to ₱27.7 million in 2019.

<u>Change in net income</u>. The summary income statements for the last three fiscal years are shown below with vertical percentage analysis.

(000)	YEARS ENDED DECEMBER 31					
	2020	**PERCENTAGE**	**2019**	**PERCENTAGE**	**2018**	**PERCENTAGE**
Revenue	₱ 111,845	100%	₱ 103,301	100%	₱ 31,187	100%
Expenses	65,757	58.8%	59,558	57.6%	10,210	32.7%
Net Income Before Tax	46,088	41.2%	43,743	42.4%	20,977	67.3%
Tax	(2,661)	(2.41%)	(10,094)	(9.8%)	(7,891)	(25.3%)
Net Income After Tax	43,427	38.8%	33,649	32.6%	13,086	42.0%
Total Net Income	**₱ 43,427**	**38.8%**	**₱ 33,649**	**32.6%**	**₱ 13,086**	**42.0%**
Attributable to Stockholders of Registrant	43,025	38.5%	32,205	31.2%	12,088	38.8%
Non-Controlling Interest	403	0.3%	1,444	146%	998	3.2%

As the above shows, net income increased to ₱43.4 million in 2020 from ₱33.6 million in 2019. The increase in net income was mainly due to equity in net earnings of associates as Pointwest generated a net income of $1.5 million in 2021 due to its successful retrenchment effort. In addition, gains on Disposal of Financial Assets contributed to a ₱15.9 million increase in revenue. The net income in 2020 attributable to stockholders of the Registrant was ₱43.0 million while ₱0.4 million was attributable to non-controlling interests, namely minority shareholders of Magellan Capital Holdings Corporation. The net income attributable to stockholders of the Registrant in 2019 was ₱32.2 million while ₱1.4 million was attributable to non-controlling interests.

Earnings per share. The earnings per share in 2020 amounted to ₱0.11 per share compared to earnings per share of ₱0.08 in 2019 and ₱0.03 in 2018 due to the higher equity in net earnings of associates resulting from reduced losses at Pointwest. The earnings per share are adjusted to reflect the shares held by the Registrant's subsidiaries which are classified as treasury shares in the Consolidated Financial Statements.

Current-Ratio. Current Ratio (current assets divided by current liabilities) which measures the liquidity position of the Registrant was 40.3x at December 31, 2020 compared to 29.9x at the end of 2019. The Registrant's liquidity position is very strong and gives it substantial resources to pursue its projects.

Book value per share. The Registrant's book value per share (excluding treasury shares owned by subsidiaries of the Registrant) was ₱4.60 per share at the end of 2020 from ₱4.64 at year-end 2019 and ₱4.81 at year-end 2018.

(i) Any known trends or any known demands, commitments, events or uncertainties

The Registrant and its subsidiary and affiliates are substantially debt-free, except for MUDC, which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements during the next twelve (12) months. Consolidated cash and cash equivalents totaled ₱523.5 million at year end 2020 compared to ₱582.3 million at year end 2019. Other than the normal fluctuations of the Philippine Peso to the U.S. Dollar, the Registrant is unaware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(ii) Any events that will trigger direct or contingent financial obligation

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations

There are 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.

(2) OPERATIONS AND FINANCIAL CONDITION FOR THE LAST THREE (3) FISCAL YEARS

The following is a detailed discussion of the Registrant's operations and financial condition for the past three (3) fiscal years.

Exhibit "2" shows the audited consolidated balance sheet as of December 31, 2020 and December 31, 2019 and audited consolidated income statements for the years 2020, 2019 and 2018. The accounts are discussed below in more detail.

OPERATING RESULTS

Revenues. In the year ended 31 December 2020, total consolidated revenues totaled ₱111.8 million compared to ₱103.3 million in 2019 and ₱31.2 million in 2018. The reasons for the change have been discussed in the revenue generation section earlier in this Report.

Expenses. Total consolidated operating expenses increased to ₱65.8 million in 2020 from the ₱59.6 million in 2019 due mainly to higher net FX loss as the depreciating Peso exchange rate penalized the foreign exchange denominated bonds and stocks held by the Registrant and its subsidiaries.

Net Income Before Tax. As a result of the movement in revenues and expenses discussed in the preceding sections, net income before tax totaled ₱46.1 million in 2020 compared to ₱43.7 million in 2019 and ₱21 million in 2018.

Provision For Income Tax. In 2020, there was a provision for income tax of ₱2.6 million compared to ₱10.1 million in 2019 and ₱7.9 million in 2018.

Net Income After Tax. As a result of the provision for income tax discussed above, the Registrant had a consolidated net income after tax of ₱43.4 million in 2020, from net income after tax of ₱33.6 million in 2019 and P13.1 million in 2018.

BALANCE SHEET ACCOUNTS

The following comparative financial analysis is based on audited consolidated balance sheets as of December 31, 2020 and December 31, 2019 shown in Exhibit "2". Exhibit "4" shows the vertical percentage analysis of balance sheet accounts as of December 31, 2020 and December 31, 2019. The movements in the various accounts are discussed below:

ASSETS

Current Assets. Total current assets at year-end 2020 totaled ₱751.7 million compared to ₱888.1 million at year-end 2019. Cash and cash equivalents decreased to ₱523.5 million at year end 2020 from ₱582.3 million at year end 2019. Financial assets at Fair Value through Profit or Loss (FVPL) decreased to ₱161.0 million at year-end 2020 from ₱248.6 million at year-end 2019. Current portion of Financial Assets at FVOCI totaled ₱0.5 million at year-end 2020 and the same level as at year-end 2019. Receivables increased to ₱8.7 million at year-end 2020 from ₱5.9 million at year-end 2019. Prepayments and other assets increased to ₱35.7 million at year-end 2020 from ₱33.3 million at year-end 2019.

Non-Current Assets. Total non-current assets at year-end 2020 totaled ₱1,122 million versus ₱1,015.7 million at year-end 2019. Most of the increase was due to increase in financial assets at FVOCI from ₱299.9 million at year end 2019 to ₱350 million at year end 2020.

Total Assets. As a result of the movement in the accounts described above, total consolidated assets of the Registrant at year-end 2020 totaled ₱1,873.6 million compared to ₱1,903.9 million at year-end 2019.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities decreased to ₱18.6 million at year-end 2020 from ₱30.6 million at year-end 2019 mainly due to decrease in income tax payable and accounts payable and accrued expenses.

Non-Current Liabilities. Non-current liabilities decreased to ₱19.3 million at year-end 2020 from ₱21.1 million at year-end 2019 due mainly to decrease in Retirement benefit obligation.

Stockholder's Equity. Total Stockholder's Equity Attributable to Equity Holders of the Registrant decreased to ₱1,763.3 million at year-end 2020 from ₱1,779.9 million at year end 2019. This was due to dividends paid out in 2020. Equity attributable to minority shareholders of MCHC totaled ₱72.4 million at year end 2020 compared to ₱72.3 million at year-end 2019. As a result, total stockholders equity at year-end 2020 stood at ₱1,853.7 million compared to ₱1,852.2 million at year-end 2019.

SECOND QUARTER 2021 REPORT

The following is a detailed discussion of the Registrant's operations and financial condition during the second quarter of 2021 and second quarter of 2020.

Operating Results

Breakdown of Revenue for the Three Month Periods Ending June 30, 2021 and June 30, 2020 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	Second Quarter 2021	Vertical Percentage Analysis	Second Quarter 2020	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME From Banks	₱ 681	4.3%	₱ 1,988	5.5%	(1,307)	(65.7%)
From Securities	2,433	15.2%	3,123	8.7%	(690)	(22.1%)
TOTAL	**₱ 3,114**	**19.5%**	**₱ 5,111**	**14.2%**	**(1,997)**	**(39.1%)**
UNREALIZED GAIN ON TRADING SECURITIES	6,021	37.6%	22,221	62%	(16,200)	(72.9%)
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	92	0.6%	1,469	4.1%	(1,377)	(93.7%)
DIVIDEND INCOME	1,429	8.9%	1,271	3.5%	158	12.4%
RENT INCOME	5,352	33.4%	5,472	15.3%	(120)	(2.2%)
REALIZED FX GAIN	-	-	17	-	(17)	(100%)
OTHER INCOME	-	-	282	0.8%	(282)	(100%)
TOTAL	**₱ 16,009**	**100%**	**₱ 35,842**	**100%**	**(19,833)**	**(55.3%)**

Revenues. Consolidated revenues, during the 3 month period ended June 30, 2021 decreased by 55.3% to ₱16.0 million compared to ₱35.8 million during the same 3 month period in 2020 as shown in Annex "C". The lower revenue was due mainly to lower unrealized gain on trading securities as listed stocks held by the Registrant and its subsidiaries did not increase as much in 2021. In addition, the lower interest income and lower realized gain on redemption of FVPL investment also contributed to the lower revenue.

Expenses. Consolidated expenses in the second quarter of 2021 totaled ₱9.2 million compared to ₱7.0 million in the second quarter of 2020. As shown in Annex "C", the decrease was accounted for higher professional fees and other expenses.

Operating Income. Due to the factors discussed above, consolidated operating income in the second quarter of 2021 totaled ₱6.8 million compared to ₱28.8 million in the second quarter of 2020.

Net Income. Net income totaled ₱6.8 million during the second quarter of 2021 compared to ₱28.8 million in the second quarter of 2020. Net income in the second quarter of 2021 attributable to shareholders of the company totaled ₱6.5 million while ₱0.3 million was attributable to minority shareholders in the company's 94% owned subsidiary Magellan Capital Holdings Corporation (MCHC). In the second quarter of 2020, ₱27.4 million in net income was attributable to stockholders of the company while ₱1.4 million was attributable to minority stockholders in MCHC.

BALANCE SHEET ACCOUNTS

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for June 30, 2021 compared to December 31, 2020.

Assets

Current Assets. Consolidated current assets as of June 30, 2021 totaled ₱730.1 million compared to ₱751.7 million as of December 31, 2020. Most of the decrease was due to the lower cash and cash equivalents which decreased to ₱472.3 million as of June 30, 2021 from ₱523.5 million as of December 31, 2019. Financial assets at FVPL increased to ₱213.1 million as of June 30, 2021 from ₱161.0 million as of December 31, 2020.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained at the same level at year-end 2020 and at June 30, 2021 at ₱278.9 million as equity in net earnings of associates are not taken up until year end.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of medium term bonds and listed equities increased from ₱350.1 million at year-end 2020 to ₱386.6 million at June 30, 2021.

Property and Equipment. This account totaled ₱5.4 million as of June 30, 2021 compared to ₱6.0 million as of December 31, 2020 due to additional depreciation allowance taken in the first half of 2021.

Investment in Property. This Account totaled ₱378.6 million at June 30, 2021 compared to ₱382.5 million at year end 2020 due to depreciation allowance provided in the first half of 2021.

Other Non-Current Assets. This account totaled ₱79.7 million as of June 30, 2021, compared to P48.3 million as of December 31, 2020.

Total Assets. As a result of the foregoing, total assets increased to ₱1,914.9 million as of June 30, 2021 from ₱1,873.6 million as of December 31, 2020.

Liabilities and Equity

Current Liabilities. Current liabilities increased to ₱23.1 million as of June 30, 2021 from ₱18.6 million as of December 31, 2020 due mainly to higher deposit payable and higher output VAT payable.

Non-Current Liabilities. Non-current liabilities which consists mostly of retirement benefit obligation and deposits payable decreased to ₱16.6 million as of June 30, 2021, from ₱19.3 million at year-end 2020.

Stockholder's Equity. Total stockholder's equity increased to ₱1,875.2 million as of June 30, 2021 from ₱1,835.7 million at year-end 2020 due to the net income generated in the first half of 2021. Total equity attributable to stockholders of the company totaled ₱1,800.8 million at June 30, 2021 from ₱1,763.3 million at December 31, 2020. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱74.4 million at June 30, 2021 compared to P72.4 million at year-end 2020.

(a) Top Performance Indicators

The top five (5) performance indicators for the Company and its Subsidiary are as follows:

1) Change in revenues
2) Change in net income
3) Earnings per share
4) Current ratio
5) Book Value per share

Change in Revenues. Consolidated revenues in the second quarter of 2021 and 2020 are shown in Annex "C" and presented below in summary form:

(P 000)	2nd Quarter 2021	Percentage (%)	2nd Quarter 2020	Percentage (%)
Interest Income	₱ 3,114	19.5%	₱ 5,111	14.2%
Lease Rental Income	5,352	33.4%	5,473	15.3%
Dividend Income	1,429	8.9%	1,271	3.5%
Unrealized Gain on Trading Securities	6,022	37.6%	22,221	62%
Realized Gain on FVPL	92	0.6%	1,469	4.1%
Realized FX Gain	-	-	17	-
Other Income	-	-	282	0.8%
Total Income	**₱ 16,009**	**100.00%**	**₱ 35,842**	**100.00%**

Total revenue decreased by 55.3% in the second quarter of 2021 to ₱16.0 million from ₱35.8 million in the second quarter of 2020. This was due mainly to lower unrealized gain on trading securities and lower realized gain on trading securities.

Change in Net Income. The income statement in the second quarter of 2020 and 2019 are shown in Annex "C" and summarized below:

(P 000)	2nd Quarter 2021	Percentage (%)	2nd Quarter 2020	Percentage (%)
Revenues	₱ 16,009	100%	₱ 35.842	100.00%
Expenses	9,178	57.3%	7,038	19.6%
Net Income	6,831	42.7%	28,804	80.4%
Attributable to:				
- Minority Interest	289	1.8%	1,440	4.0%
- Stockholders of Company	₱ 6,542	40.9%	₱ 27,364	76.4%

The company realized a net income of ₱6.5 million attributable to stockholders of the company in the second quarter of 2021, compared to a net income of ₱27.4 million attributable to stockholders of the company in the second quarter of 2020 due to the factors discussed in the preceding pages.

Earnings per Share. The income per share attrtibutable to shareholders of the Company during the second quarter of 2021 was ₱0.017 per share compared to earnings per share of ₱0.071 in the second quarter of 2020.

Current Ratio. Current ratio as of June 30, 2021 was 31.6 X compared to 40.4 X as of December 31, 2020. Decrease in cash and cash equivalent and increase in current liability accounted for the lower current ratio.

Book Value Per Share. Book value per share as of June 30, 2021 was ₱4.70 per share compared to ₱4.60 per share as of December 31, 2020 due mainly to the net income attributable to stockholders of the company realized in the first half of 2021.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

a) *Audit and Audit- Related Fees for the Last Three Fiscal Years*

	2018	2019	2020
Registrant	₱ 332,640	₱ 343,035	₱ 320,000
MCHC	511,280	527,258	490,000
Subsidiaries of MCHC	40,225	40,225	40,225
MUDC	21,449	21,449	21,449

b) *Tax Fees*: None
c) *All Other Fees*: None
d) Audit Committee has approved the audit fees

Prior to the commencement of audit work, the external auditors, present their program and schedule to the company's Audit Committee. The company's audited financial statements for the year are presented by the external auditors to the Audit Committee for committee approval and endorsement to the full Board for final approval. Upon the recommendation of the Audit Committee, the Board approved the audit fees and nomination of KPMG – R.G. Manabat & Co. as external auditor for the year 2020.

Financial Statements

The Statement of Management's Responsibility along with Audited Consolidated Financial Statements as of December 31, 2020 are shown in this report.

Changes in and Disagreements with Accountants on Accountings and Financial Disclosure

The Corporation has replaced SGV & Co. with KPMG (R.G. Manabat & Co.) for the 2020 audit. There are no disagreements with the former external auditor, SGV & Co.

Dividends

Dividends amounting to ₱0.10 per share were declared and paid out in 2020.

Under the Registrant's By-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

TOP 20 STOCKHOLDERS OF THE REGISTRANT

The top twenty (20) stockholders of the common equity of the Registrant as of August 4, 2021 are as follows:

	NAME OF STOCKHOLDERS	NUMBER OF SHARES			PER-CENTAGE
		CLASS A	CLASS B	TOTAL	
1	Essential Holdings Limited	-	139,778,670	139,778,670	29.01%
2	PCD Nominee Corporation (A Shares)	71,619,490	-	71,619,490	14.86%
3	Pinamucan Industrial Estates, Inc.	12,491,025	37,799,160	50,290,105	10.42%
4	Magellan Capital Holdings Corporation	47,844,022	-	47,844,022	9.92%
5	Consolidated Tobacco Industries of the Phils., Inc.	43,052,023	-	43,052,023	8.93%
6	Vructi Holdings Corporation	34,633,628	-	34,633,628	7.18%
7	Center Industrial and Investment, Inc.	23,991,000	-	23,991,000	4.98%
8	Robert Y. Cokeng	15,713,072	-	15,713,072	3.26%
9	Johnson Tan Gui Yee	15,371,747	-	15,371,747	3.19%
10	Victorian Development Corporation	12,085,427	-	12,085,427	2.51%
11	PCD Nominee Corporation (B Shares)	-	11,088,581	11,088,581	2.3%
12	Brixton Investment Corporation	2,815,000	-	2,815,000	0.58%
13	Francisco Y. Cokeng, Jr.	2,160,000	-	2,160,000	0.45%
14	Johnson U. Co	1,100,000	-	1,100,000	0.23%
15	Homer U. Cokeng, Jr.	1,020,000	80,000	1,100,000	0.23%
16	Betty C. Dy	1,100,000	-	1,100,000	0.23%
17	Rosalinda C. Tang	1,080,000	-	1,080,000	0.22%
18	Metro Agro Industrial Supply Corporation	523,833	270,144	793,977	0.16%
19	Criscini Reyes	400,000	-	400,000	0.08%
20	Robert Y. Ynson	251,378	74,289	325,667	0.07%

Percentage based on the Total Issued and Outstanding Shares of 481,827,653.

Recent sales of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction

The Registrant has not sold any securities within the past three (3) years, which were not registered under the Securities Regulation Code, including sales of reacquired, as well as new issues, securities issued in exchange for property, services, or other securities and new securities resulting from the modification of outstanding securities.

Warrants

There are no warrants or options outstanding as of the end of December, 2020 and up to the present.

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

In Compliance with SEC Memorandum Circular No. 2, dated April 05, 2002, the Company submitted its Manual on Corporate Governance on August 29, 2002 as approved by its Board of Directors in a meeting held on August 14, 2002, which basically adopted the SEC's Model Manual. Since the Manual's effectivity on January 01, 2003, the Company's Board of Directors and Management has been complying with the principles laid down by the Code of Corporate Governance through the mechanisms which have been institutionalized in the Manual and so far as may be relevant and appropriate to the Company's business as a holding company.

The Company continues to adopt measures to ensure compliance with the leading practices on good corporate governance through, among others, the nomination and election of two independent directors, the constitution of the different committees required by the Code such as the Nominations Committee, the Audit Committee, the Compensation and Remuneration Committee, all of which have been performing their functions as laid down in the Manual.

During a meeting held on March 29, 2004 the company's Board of Directors approved the adoption as part of the Manual, Sec. 4.2 of the PSE's Revised Disclosure Rules, which is in consonance with Chapter VII of the Securities Regulation Code.

Since its effective date, there has been no deviation from the Company's Manual of Corporate Governance. No member of the Company's Board of Directors or its officers and personnel has done or caused to be done any act in violation of the principles laid down in the said Manual.

The Company continues to adhere to the principles and policies of its Manual with the view to continually improve the company's corporate governance.

On February 11, 2008, the Board of Directors of the Company attended and completed the Seminar on Corporate Governance given by the UP Law Center, as required by the Rules. The company continues to comply with the appropriate performance self-rating assessment and performance evaluation system in compliance with pertinent SEC regulations.

On February 22, 2011, the Company submitted its Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 6, Series of 2009.

In compliance with pertinent Rules, the Corporate Secretary of the Company attended various seminars on the Corporate Governance – the Asean Scorecard Information Briefing held on various dates, the last one being held last March 26, 2013 at the Institute of Corporate Directors.

On May 30, 2013, the Company submitted its Annual Corporate Governance Report pursuant to SEC Circular No. 5, Series of 2013.

On October 20, 2014, the Company's President and Corporate Secretary attended the SEC-PSE Corporate Governance Forum at the Makati Shangri-la Hotel.

On April 23, 2015, the Company's representatives attended the SEC Corporate Governance Workshop on the Asean Corporation Governance Scorecard at the Crowne Plaza Manila in Ortigas.

On December 9, 2015, the members of the Board of Directors and the Corporate Secretary attended the Advance Corporate Governance Seminar held at the New World Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City.

On April 22, 2016, The Company's Corporate Secretary attended the Business Integrity Workshop of the Institute of Corporate Directors on "Compliance with US FCPA and the UK Bribery Act" at the Makati Diamond Residences.

On August 25, 2016 and December 8, 2016, the members of the Board of Directors attended the Corporate Governance Seminar held at the New World Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City

On November 22, 2016, other members of the Board of Directors and the Corporate Secretary attended the SEC-PSE Corporate Governance Forum at the 3rd Floor, Meeting Room I, PICC Complex, Pasay City.

On September 26, 2017, members of the Board attended the Corporate Governance Seminar “Competing Against Risk” at the Dusit Thani Hotel, Makati City. Another seminar was attended on October 14, 2017 at the WackwackGolf & Country Club on “Risk, Opportunities, Assessment and Management (ROAM) Inc.” The last seminar attended for the year was on 10 November 2017at the Makati Shangrila Hotel on “Corporate Governance: Board Effectiveness Best Practices.” The Corresponding Certificates of Completion/Attendance for the 2017 seminars attended was submitted to the SEC on 21 November 2017.

On February 23, 2018, the Company’s President attended the Corporate Governance Seminar held at the 3rd Floor, Guajes Room of Acacia Hotel in Alabang, Muntinlupa City and conducted by SGV.

On August 29, 2018, members of the Board of Directors attended the Corporate Governance “Orientation Program” held at the Discovery Primea, Makati City conducted by Institute of Corporate Directors (ICD)>

On August 30, 2018, members of the Board of Directors attended the Corporate Governance Seminar held at RCBC Plaza, Ayala Avenue, Makati City, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. The corresponding Certificates of Completion/Attendance for August 29 and August 30 was submitted to SEC on 04 September 2018.

On November 9, 2018, members of the Board of Directors attended the Corporate Governance Seminar “Board Effectiveness Best Practices” held at Manila Marriott Hotel, Pasay City, conducted by Center for Global Best Practices.

On November 21, 2018, the other members of the Board of Directors attended the Corporate Governance Seminar “Professionalizing your Management and Board of Directors” held at PCCI BA Securities Hall, McKinley Hills, Taguig City, conducted by Philippine Chamber of Commerce and Industry (PCCI). The corresponding Certificates of Completion/Attendance for November 9 and November 21 was submitted to SEC on November 22, 2018.

On May 16, 2019, members of the Board of Directors attended the Corporate Governance Seminar “Professionalizing your Management and Board of Directors” held at PCCI BA Securities Hall, McKinley Hills, Taguig City, conducted by Philippine Chamber of Commerce and Industry (PCCI). Certificates of Completion/Attendance was submitted to SEC on May 21, 2019.

One June 14, 2019, members of the Board of Directors attended the Corporate Governance Seminar held at RCBC Plaza, Ayala Avenue, Makati City, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. The corresponding Certificates of Completion/Attendance was submitted to SEC on June 18, 2019.

On November 19, 2020, members of the Board of Directors attended the Corporate Governance Webinar "2019 Revised Corporation Code of the Philippines" held via zoom and conducted by Center for Global Best Practices Foundation. The corresponding Certificates of Attendance was submitted to SEC on December 17, 2020.

Evaluation System

The Company continues to adhere to the principles and policies of its Manual with the view to continually improve the company's corporate governance. It has adopted as a guideline the SEC's Corporate Governance Self-Rating Form (CG-SRF) in order to determine the Company's compliance with the leading practices on Corporate Governance.

Plan to Improve

The Company continues to take efforts to be abreast with development and trends on Corporate Governance as the same may emerge.

BOARD OF DIRECTORS AND MANAGEMENT

DIRECTORS

Robert Y. Cokeng
Chairman

Charlie K. Chua

Francis L. Chua

Johnson U. Co

Johnny O. Cobankiat

Katrina Marie K. Cokeng

Mark Ryan K. Cokeng

Mary K. Cokeng

Peter L. Kawsek, Jr.

Johnson Tan Gui Yee

Rufino B. Tiangco

MANAGEMENT

ROBERT Y. COKENG
Chairman of the Board

ROBERT Y. COKENG
President

PONCIANO K. MATHAY
Senior Vice-President and
Compliance Officer

JOHNSON U. CO
Vice-President for Administration

MARK RYAN K. COKENG
Treasurer and
Chief Financial Officer

ATTY. FINA BERNADETTE
D.C. TANTUICO
Corporate Secretary

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

DIRECTORS AND EXECUTIVE OFFICERS

The following are the directors and executive officers of the Registrant, with the past and present positions held by them in the Registrant's subsidiaries and other companies for the past five (5) years:

ROBERT Y. COKENG, 69 years old, Filipino citizen.
Chairman, President & Chief Executive Officer

Re-elected on 28 September 2020 to a one-year term. Director and Officer since 1996.

President & Chief Executive Officer, Magellan Capital Holdings Corporation, Magellan Utilities Development Corporation, Pinamucan Power Corporation, Malabrigo Corporation, Consolidated Tobacco Industries of the Philippines, Inc. and Center Industrial and Investment, Inc.; *Independent Director*, Cosco Capital, Inc. (PSE listed company); *Chairman*, Pinamucan Industrial Estates, Inc.; *Managing Director*, Essential Holdings Ltd.; *Chairman*, Pointwest Technologies Corporation and Pointwest Innovations Corporation*; Director and Chairman of the Executive Committee*, Business Process Outsourcing International, Inc.; *Chairman*, IPADS Developers, Inc.

Bachelor of Arts (Economics Honor Program), Magna Cum Laude, Ateneo University; Master in Business Administration (with High Distinction and elected Baker Scholar), Harvard University.

JOHNSON U. CO, 68 years old, Filipino citizen.
Vice-President for Administration and Director

Re-elected on 28 September 2020 to a one-year term. Director since 1996.

President, Pinamucan Industrial Estates, Inc., Sunflare Horizon International, Inc.; *Vice-President for Administration and Director*, Magellan Capital Holdings Corporation; *Treasurer*, Magellan Utilities Development Corporation and Malabrigo Corporation; *Director*, Pinamucan Power Corporation; *Vice Chairman*, Consolidated Tobacco Industries of the Philippines, Inc.

B.S. Mechanical Engineering, University of Sto. Thomas.

MARK RYAN K. COKENG, 35 years old, Filipino citizen.
Treasurer and Director

Re-elected on 28 September 2020 to a one-year term. Director and Treasurer since 2013.

Treasurer and Director, Magellan Capital Holdings Corporation; *Director and Treasurer*, Magellan Capital Corporation; *Director*, IPADS Developers, Inc.; *Director*, Pointwest Technologies Corporation, *Director*, Pointwest Innovations Corporation, *Director and Treasurer,* Business Process Outsourcing International, Inc.

Bachelor of Arts in Economics and Statistics, Boston University.

CHARLIE K. CHUA, 57 years old, Filipino citizen.
Independent Director

Re-elected 28 September 2020 to a one-year term.

Vice President, Highland Tractor Parts, Inc.

B.S. Mechanical Engineering, University of the Philippines; Master of Science, Mechanical Engineering, University of California, Berkley.

MARY K. COKENG, 68 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 to a one-year term. Director since 2008.

Director, Essential Holdings, Limited, *Director*, Magellan Capital Holdings Corporation.

Bachelor of Arts, Management, University of Sto. Thomas

KATRINA MARIE K. COKENG, 41 years old, Filipino citizen
Director

Elected on 28 September 2020 to a one-year term.

Co-Founder and Chief Executive Officer, XEN Technologies PTE. LTD., Singapore.

MIT Sloan Executive Education: Blockchain Technologies; Master in Business Administration, Harvard Business School; Bachelor of Arts (Economics and Psychology), Summa Cum Laude, Smith College.

JOHNNY O. COBANKIAT, 69 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 to a one-year term. Director since 2008.

President, Ace Hardware Phils., Cobankiat Hardware, Inc. and Milwaukee Builders Center, Inc.; *Executive Vice President*, Hardware Workshop; *Vice Chairman*, R. Nubla Securities.

B.S. Accounting, De La Salle University.

FRANCIS LEE CHUA, 69 years old, Filipino citizen.
Director

Re-elected 28 September 2020 for a one-year term. Director since 2001.

General Manager, Sunny Multi Products and Land Management Inc., Midori Carpet; *Corporate Secretary*, Sunflare Horizon International, Inc.

B.S. Management, Ateneo University.

PETER L. KAWSEK, JR., 62 years old, Filipino citizen
Independent Director

Re-elected on 28 September 2020 to a one-year term.

President, Apo International Marketing Corporation; Bekter Ventures Inc.; *Vice President*, Kawsek Inc.

Bachelor of Science in Business, De La Salle University

JOHNSON TAN GUI YEE, 74 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 to a one-year term. Director since 1997.

Chairman, Armak Tape Corporation; *President & Chief Executive Officer*, Armak Holdings and Development, Inc.; *President*, Yarnton Traders Corporation; *Director*, Magellan Capital Holdings Corporation.

B.S. Chemical Engineering and B.S. Mathematics

RUFINO B. TIANGCO, 71 years old, Filipino citizen.
Director

Re-elected on 28 September 2020 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Marala Vitas Central Terminal & Shipyard Corp.; *President*, Vructi Holdings Corporation; Trufsons Holdings Corporation, Ruvict Holdings Corporation; *Director*, Magellan Capital Holdings Corporation and Magellan Utilities Development Corporation.

B.S. Mechanical Engineering, University of Sto. Thomas

PONCIANO K. MATHAY, 61 years old, Filipino citizen
Senior Vice President and Compliance Officer

Re-appointed by the Board on September 28, 2020.

President, MHM Energy Corp., *Consultant*, Pointwest Technologies Corp., *Formerly Vice President*, Alcorn Gold Resources.

AB Psychology, University of Washington, MS Business Management, A.D. Little (Hult) Cambridge, Massachusetts.

FINA BERNADETTE D.C. TANTUICO, 59 years old, Filipino citizen.
Corporate Secretary

Re-elected on 28 September 2020 to a one-year term.

Legal Counsel and Corporate Secretary, F & J Prince Holdings Corporation and its subsidiaries and affiliates (2002 up to the present); Magellan Capital Holdings Corporation and its subsidiaries, Magellan Utilities Development Corporation, Pointwest Technologies Corporation, Pointwest Innovations Corporation, Pinamucan Industrial Estates Inc; *Corporate Secretary*, Philippine Telegraph & Telephone Co. (PT&T), Capitol Wireless Inc. (Capwire), Philippine Wireless Inc. (Pocketbell), Republic Telecommunications Company (Retelcom), U.P. Law Alumni Foundation Inc. (UPLAF), *Former Assistant Vice-President and Corporate Secretary,* United Overseas Bank Philippines (2000-2001). Former *President* of the Philippine Bar Association. *Professorial Lecturer*, University of the Philippines College of Law; member, Inter-Country Placement Committee, Inter-Country Adoption Board (ICAB).

Law Degree, University of the Philippines.

Term of Office. The directors of the Registrant were elected during the annual stockholders' meeting held on 28 September 2020. The directors have a one (1) year term of office.

The Independent Directors. The independent directors of the Registrant are Peter Kawsek, Jr. and Charlie K. Chua.

(2) SIGNIFICANT EMPLOYEES

There are no other persons other than the Registrant's executive officers who are expected to make a significant contribution to its business.

(3) FAMILY RELATIONSHIPS

Messrs. Robert Y. Cokeng and Johnson U. Co are first cousins. Mary K. Cokeng is the spouse of Robert Y. Cokeng. Mark Ryan K. Cokeng and Katrina Marie K. Cokeng are the children of Robert and Mary Cokeng.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **F& J Prince Holdings Corporation and its subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the statements 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 or to cease operations, or has no realistic alternative but to do so.

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

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

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

Signed under oath by the following:

Robert Y. Cokeng	**Mark Ryan K. Cokeng**
President/ CEO/ Chairman	Treasurer/Chief Financial Officer

MAKATI CITY MAY 1 4 2021

SUBSCRIBED AND SWORN to before me this _______day of_________, 2021, affiants exhibiting to me their Drivers' Licenses, as follows:

Names	Driver's License No.	Date of Expiry	Place of Issue
Robert Y. Cokeng	N02-01-448423	06 June 2023	Quezon City
Mark Ryan Cokeng	X01-09-003590	15 January 2024	Quezon City

NOTARY PUBLIC

ATTY. JOSHUA P. LAPUZ
Notary Public for and in Makati City
Appointment No. M-66 until 12/31/2021
PTR No. 8531012, Jan. 4, 2021 Until Dec. 31, 2021 Makati City
Roll No. 45790, IBP Lifetime N. 04897
MCLE No VI-0016565 / Jan. 14, 2019
G/F Fedman Suites, 199 Salcedo Street.
Legaspi Village, Makati City

Doc.No. 228;
Page No. 46;
Book No. 128;
Series of 2021

F & J Prince Holdings Corporation

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

As of

December 31, 2020 and December 31, 2019

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	4	3	3	7	0	

COMPANY NAME

F & J PRINCE HOLDINGS
CORPORATION AND SUBSIDIARIES

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

5th Floor, Citibank Center
8741 Paseo de Roxas
Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	NA

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
fjphco@gmail.com	892-7133/892-7137	NONE

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
480	July 26	December 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
Atty. Fina C. Tantuico	Fc.law@gmail.com	633-2107	0978920786

CONTACT PERSON's ADDRESS

5th Floor Citibank Center, 8741 Paseo de Roxas, Makati 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.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(With Comparative Figures for 2019 and 2018)

With Independent Auditors' Report

KPMG

R.G. Manabat & Co.
The KPMG Center, 9/F
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Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, Citibank Center
8741 Paseo de Roxas, Makati City

Opinion

We have audited the consolidated financial statements of F & J Prince Holdings Corporation and Subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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 its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

Other Matter

The consolidated financial statements of the Group as at December 31, 2019 and for each of the three years in the period then ended were audited by another auditor who expressed an unmodified opinion on those statements on June 15, 2020.

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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Investments in Associates
Refer to Note 8 to the consolidated financial statements.

The risk

The Group owns 35% and 30% of Business Process Outsourcing International (BPO) and Pointwest Technologies Corporation (PTC), respectively. These investments in associates are accounted for under equity method. The accounting for these investments is significant to our audit and risk of material misstatement may arise because of the substantial amount of the Group's investments in and equity in net earnings and share in other comprehensive income of these associates. As of December 31, 2020, the investments in associates amounted to P278.9 million, and the Group's equity in net earnings and share in other comprehensive income of associates for the year then ended amounted to P32.1 million and P0.4 million, respectively.

Our response

Our audit procedures included, among others, coordinating and instructing the statutory auditors of the associates to perform an audit on the relevant financial information of BPO and PTC for the purpose of the Group's consolidated financial statements. During the year, we discussed the risk assessment, audit strategy of the statutory auditors, as well as any significant developments in the associates. We reviewed the working papers of the statutory auditors, focusing on the procedures that will have an impact on the net income and other comprehensive income of the Group. We recalculated the Group's equity in net earnings of associates based on the associates' audited financial statements. We also assessed the adequacy of the relevant disclosures made in the consolidated financial statements.

Other Information

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Enrico E. Baluyut.

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-AR-2, Group A, valid until July 9, 2021
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-026-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8533892
Issued January 4, 2021 at Makati City

May 31, 2021
Makati City, Metro Manila

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
(With Comparative Figures for 2019)

	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	5, 23	P523,539,241	P582,252,670
Financial assets at fair value through profit or loss (FVTPL)	6, 23, 24	161,006,477	248,646,828
Receivables - net	7, 23	8,722,055	5,906,570
Due from related parties - net	19, 23	22,064,399	17,410,911
Current portion of financial assets at fair value through other comprehensive income (FVOCI)	9, 23, 24	582,302	582,302
Prepayments and other current assets		35,741,882	33,303,802
Total Current Assets		751,656,356	888,103,083
Noncurrent Assets			
Financial assets at FVOCI - net of current portion	9, 23, 24	350,059,907	299,930,551
Convertible notes receivable	10, 23	42,121,200	-
Property and equipment - net	11	6,038,953	7,283,121
Investment properties - net	12	382,487,422	391,291,609
Investments in associates - net	8	278,910,706	277,599,655
Deferred income tax asset - net	17	14,026,106	10,505,734
Other noncurrent assets	13	48,324,598	29,136,257
Total Noncurrent Assets		1,121,968,892	1,015,746,927
		P1,873,625,248	P1,903,850,010
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	14, 23	P6,797,213	P10,339,260
Dividends payable	18, 23	6,827,293	6,235,209
Income tax payable		-	9,018,761
Provision for legal obligation	22	5,000,000	5,000,000
Total Current Liabilities		18,624,506	30,593,230
Noncurrent Liabilities			
Retirement benefit obligation	15	16,606,435	18,344,610
Deposits payable		2,726,766	2,726,766
Total Noncurrent Liabilities		19,333,201	21,071,376
Total Liabilities		37,957,707	51,664,606

Forward

	Note	2020	2019
Equity			
Common stock	*18*	P481,827,653	P481,827,653
Additional paid-in capital	*18*	144,759,977	144,759,977
Treasury shares	*18*	(102,094,826)	(101,969,326)
Net unrealized valuation losses on financial assets at FVOCI	*9*	(25,688,597)	(18,558,195)
Cumulative actuarial losses on retirement benefit obligation	*15*	(667,428)	(2,959,003)
Accumulated share in other comprehensive income (OCI) of associates	*8*	74,492,608	90,849,242
Retained earnings	*18*	1,190,632,669	1,185,978,066
Equity Attributable to Equity Holders of the Parent Company		1,763,262,056	1,779,928,414
Noncontrolling Interests		72,405,485	72,256,990
Total Equity		1,835,667,541	1,852,185,404
		P1,873,625,248	P1,903,850,010

See Notes to the Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019 and 2018)

	Note	2020	2019	2018
REVENUES AND INCOME				
Equity in net earnings (losses) of associates	*8*	**P32,071,045**	P5,344,072	(P13,972,203)
Rent income	*12*	**23,332,404**	25,140,621	23,167,135
Gains on disposal of financial assets at FVTPL	*6*	**21,917,315**	3,435	-
Interest income	*5, 9*	**21,230,126**	36,276,019	P33,083,309
Dividend income	*6, 9*	**3,654,824**	4,856,887	3,718,041
Fair value gains (losses) on financial assets at FVTPL	*6*	**1,291,073**	27,685,974	(14,162,960)
Gains on disposal of property and equipment	*11*	**363,762**	-	-
Gains (losses) on disposal of financial assets at FVOCI	*9*	**(2,117,380)**	3,915,722	(1,339,289)
Others	*16*	**10,102,064**	78,240	692,916
		111,845,233	103,300,970	31,186,949
EXPENSES				
Net foreign exchange losses (gains)	*23*	**28,219,564**	22,852,246	(31,645,114)
Personnel expenses:				
Salaries and wages		**11,211,545**	11,128,299	11,071,139
Retirement benefits	*15*	**1,709,284**	1,823,410	1,379,877
Other employee benefits		**2,071,826**	2,041,635	2,002,421
Depreciation and amortization	*11, 12*	**10,132,669**	10,449,348	10,557,370
Bank charges		**2,937,783**	508,954	777,145
Professional fees		**2,781,621**	2,886,547	3,156,864
Condominium dues	*12*	**2,526,004**	2,031,985	2,223,850
Utilities		**1,627,835**	1,679,898	1,841,164
Taxes and licenses		**1,118,237**	1,823,085	5,956,658
Entertainment, amusement and recreation		**293,310**	400,343	514,178
Expected credit losses	*9*	**-**	674,413	754,082
Others		**1,127,186**	1,257,456	1,619,814
		65,756,864	59,557,619	10,209,448
INCOME BEFORE INCOME TAX		**46,088,369**	43,743,351	20,977,501
PROVISION FOR (BENEFIT FROM) INCOME TAX	*17*			
Current		**5,786,750**	14,355,311	6,065,053
Deferred		**(3,125,469)**	(4,261,351)	1,826,571
		2,661,281	10,093,960	7,891,624
NET INCOME		**P43,427,088**	P33,649,391	P13,085,877

Forward

	Note	2020	2019	2018
NET INCOME ATTRIBUTABLE TO				
Equity holders of the parent		**P43,024,955**	P32,205,281	P12,088,289
Noncontrolling interests		**402,133**	1,444,110	997,588
		P43,427,088	P33,649,391	P13,085,877
Basic/Diluted Earnings per Share for Net Income Attributable to Equity Holders of the Parent Company	*20*	**P0.11**	P0.08	P0.03

See Notes to the Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019 and 2018)

	Note	2020	2019	2018
NET INCOME		P43,427,088	P33,649,391	P13,085,877
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss				
Net unrealized valuation gains (losses) on financial assets at FVOCI, net of tax	*9*	**(15,479,466)**	20,724,595	(29,707,738)
Cumulative translation adjustment	*8*	**(16,776,528)**	(7,733,503)	13,757,840
Items that will never be reclassified subsequently to profit or loss				
Net unrealized valuation gains (losses) on financial assets at FVOCI, net of tax	*9*	**7,973,780**	(57,777,689)	(19,552,306)
Cumulative actuarial gains (losses) on retirement benefit, net of tax	*15*	**2,413,221**	(2,676,495)	369,152
Share in OCI of associates	*8*	**419,894**	26,238,374	8,210,944
		(21,449,099)	(21,224,718)	(26,922,108)
TOTAL COMPREHENSIVE INCOME (LOSS)		**P21,977,989**	P12,424,673	(P13,836,231)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the parent		**P21,829,494**	P12,176,889	(P13,118,809)
Noncontrolling interests		**148,495**	247,784	(717,422)
		P21,977,989	P12,424,673	(P13,836,231)

See Notes to the Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019 and 2018)

		Equity Attributable to Equity Holders of the Parent Company									
	Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Treasury Shares (Note 18)	Net Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 9)	Actuarial Gains (Losses) on Retirement Benefit Obligation (Note 15)	Share in Other Comprehensive Income of Associates (Note 8)	Retained Earnings (Note 18)	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2020		P481,827,653	P144,759,977	(P101,969,326)	(P18,558,195)	(P2,959,003)	P90,849,242	P1,185,978,066	P1,779,928,414	P72,256,990	P1,852,185,404
Net income for the year		-	-	-	-	-	-	43,024,955	43,024,955	402,133	43,427,088
Other Comprehensive Income											
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI	9	-	-	-	(7,130,402)	-	-	-	(7,130,402)	(375,284)	(7,505,686)
Actuarial gains on retirement benefit obligation	15	-	-	-	-	2,291,575	-	-	2,291,575	121,646	2,413,221
Share in OCI of associates	8	-	-	-	-	-	(16,356,634)	-	(16,356,634)	-	(16,356,634)
Total comprehensive income (loss) for the year		-	-	-	(7,130,402)	2,291,575	(16,356,634)	43,024,955	21,829,494	148,495	21,977,989
Dividends declared - P0.10 per share	18	-	-	-	-	-	-	(38,370,352)	(38,370,352)	-	(38,370,352)
Acquisition of treasury shares	18	-	-	(125,500)	-	-	-	-	(125,500)	-	(125,500)
December 31, 2020		P481,827,653	P144,759,977	(P102,094,826)	(P25,688,597)	(P667,428)	P74,492,608	P1,190,632,669	P1,763,262,056	P72,405,485	P1,835,667,541

Forward

	Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Treasury Shares (Note 18)	Net Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 9)	Actuarial Gains (Losses) on Retirement Benefit Obligation (Note 15)	Share in Other Comprehensive Income of Associates (Note 8)	Retained Earnings (Note 18)	Total	Non-controlling Interest	Total Equity
		Equity Attributable to Equity Holders of the Parent Company									
Balance at January 1, 2019		P481,827,653	P144,759,977	(P101,777,276)	P17,432,186	(P416,121)	P72,344,371	P1,230,524,692	P1,844,695,482	P72,853,866	P1,917,549,348
Net income for the year		-	-	-	-	-	-	32,205,281	32,205,281	1,444,110	33,649,391
Other Comprehensive Income											
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI	9	-	-	-	(35,990,381)	-	-	-	(35,990,381)	(1,062,713)	(37,053,094)
Actuarial losses on retirement benefit obligation	15	-	-	-	-	(2,542,882)	-	-	(2,542,882)	(133,613)	(2,676,495)
Share in OCI of associates	8	-	-	-	-	-	18,504,871	-	18,504,871	-	18,504,871
Total comprehensive income (loss) for the year		-	-	-	(35,990,381)	(2,542,882)	18,504,871	32,205,281	12,176,889	247,784	12,424,673
Dividends declared - P0.20 per share	18	-	-	-	-	-	-	(76,751,907)	(76,751,907)	-	(76,751,907)
Acquisition of treasury shares	18	-	-	(192,050)	-	-	-	-	(192,050)	-	(192,050)
Dividends declared by the subsidiary to noncontrolling interests		-	-	-	-	-	-	-	-	(844,660)	(844,660)
December 31, 2019		P481,827,653	P144,759,977	(P101,969,326)	(P18,558,195)	(P2,959,003)	P90,849,242	P1,185,978,066	P1,779,928,414	P72,256,990	P1,852,185,404

Forward

		Equity Attributable to Equity Holders of the Parent Company									
	Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Treasury Shares (Note 18)	Net Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 9)	Actuarial Gains (Losses) on Retirement Benefit Obligation (Note 15)	Share in Other Comprehensive Income of Associates (Note 8)	Retained Earnings (Note 18)	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2018		P481,827,653	P144,759,977	(P100,946,956)	P64,984,630	(P792,683)	P50,375,587	P1,294,989,762	P1,935,197,970	P74,084,402	P2,009,282,372
Net income for the year		-	-	-	-	-	-	12,088,289	12,088,289	997,588	13,085,877
Other Comprehensive Income											
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI	9	-	-	-	(47,552,444)	-	-	-	(47,552,444)	(1,707,600)	(49,260,044)
Actuarial losses on retirement benefit obligation	15	-	-	-	-	376,562	-	-	376,562	(7,410)	369,152
Share in OCI of associates	8	-	-	-	-	-	21,968,784	-	21,968,784	-	21,968,784
Total comprehensive income (loss) for the year		-	-	-	(47,552,444)	376,562	21,968,784	12,088,289	(13,118,809)	(717,422)	(13,836,231)
Dividends declared - P0.20 per share	18	-	-	-	-	-	-	(76,553,359)	(76,553,359)	-	(76,553,359)
Acquisition of treasury shares	18	-	-	(830,320)	-	-	-	-	(830,320)	-	(830,320)
Dividends declared by the subsidiary to noncontrolling interests		-	-	-	-	-	-	-	-	(513,114)	(513,114)
December 31, 2018		P481,827,653	P144,759,977	(P101,777,276)	P17,432,186	(P416,121)	P72,344,371	P1,230,524,692	P1,844,695,482	P72,853,866	P1,917,549,348

See Notes to the Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019 and 2018)

	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P46,088,369**	P43,743,351	P20,977,501
Adjustment for:				
Depreciation and amortization	*11, 12*	**10,132,670**	10,449,347	10,557,370
Losses (gains) on disposal of financial assets at FVOCI		**2,117,380**	(3,915,722)	1,339,289
Retirement benefit expense	*15*	**1,709,284**	1,071,702	1,379,877
Equity in net losses (earnings) of associates	*8*	**(32,071,045)**	(5,344,072)	13,972,203
Gains on disposal of assets at FVTPL		**(21,917,315)**	(3,435)	-
Interest income	*5, 9*	**(21,230,126)**	(36,276,019)	(33,083,309)
Net unrealized foreign exchange loss (gains)		**(17,503,286)**	(7,844,775)	(11,133,631)
Dividend income	*6, 9*	**(3,654,824)**	(4,856,887)	(3,718,041)
Fair value losses (gains) on financial assets at FVTPL	*6*	**(1,291,073)**	(27,685,974)	14,162,960
Gains on disposal of property and equipment		**(363,762)**	-	-
Impairment losses on FVOCI investments		**-**	640,692	-
Recovery of allowance for impairment losses		**-**	-	(137,582)
Operating income (losses) before working capital changes		**(37,983,728)**	(30,021,792)	14,316,637
Decrease (increase) in:				
Prepayments and other current assets		**(6,818,052)**	348,419	(15,033,291)
Receivables		**(4,530,395)**	121,644	359,300
Due from related parties		**(135,295)**	(21,503)	4,723
Increase (decrease) in:				
Accounts payable and accrued expenses		**(3,542,047)**	2,254,373	(891,359)
Deposits payable		**-**	699,415	-
Proceeds from disposal of financial assets at FVTPL	*6*	**152,511,627**	7,352,604	-
Additions to financial assets at FVTPL	*6*	**(41,662,888)**	(23,571,711)	(67,342,773)
Net cash generated from (used in) operations		**57,839,222**	(42,838,551)	(68,586,763)
Interest received		**22,945,035**	37,530,186	32,725,593
Dividends received		**13,539,991**	33,434,345	45,804,053
Income taxes paid		**(10,425,539)**	(7,239,176)	(12,037,563)
Net cash flows provided by (used in) operating activities		**83,898,709**	20,886,804	(2,094,680)

Forward

	Note	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVOCI	9	**P74,213,138**	P94,533,553	P53,624,191
Property and equipment		**469,000**	-	-
Decrease in other noncurrent assets		**26,060**	(28,392,677)	-
Additions to:				
Financial assets at FVOCI	9	**(115,288,123)**	(7,638,469)	(22,141,284)
Convertible notes receivable	10	**(42,121,200)**	-	-
Rights issue subscription		**(19,214,400)**	-	-
Property and equipment		**(189,553)**	(9,567)	(2,177)
Investment properties		**-**	(189,876)	(141,663,846)
Net cash flows provided by (used in) investing activities		**(102,105,078)**	58,302,964	(110,183,116)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	18	**(37,778,268)**	(75,655,748)	(78,050,892)
Acquisition of treasury shares	18	**(125,500)**	(192,050)	(830,320)
Dividends to noncontrolling interests	9	**-**	(844,660)	(513,114)
Net cash flows used in financing activities		**(37,903,768)**	(76,692,458)	(79,394,326)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(2,603,292)**	8,384,334	9,477,714
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(58,713,429)**	10,881,644	(182,194,408)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**582,252,670**	571,371,026	753,565,434
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P523,539,241**	P582,252,670	P571,371,026

See Notes to the Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(With Comparative Figures for 2019 and 2018)

1. Corporate Information

F & J Prince Holdings Corporation (the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 18, 1971. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including, but not limited to, land, building, condominium units, shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts or obligations of any corporation and associations, domestic or foreign.

The Parent Company is a public company under Section 17.2 of the Revised Securities Regulation Code and its shares of stock are listed in and traded through the Philippine Stock Exchange, Inc. (PSE).

The registered office address of the Parent Company is 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were authorized for issue by the Board of Directors (BOD) on May 28, 2021.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs, which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

Basis of Measurement
The consolidated financial statements have been prepared under the historical cost basis of accounting, except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Bases
Financial assets at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All amounts presented in Philippine peso have been rounded off to the nearest peso, except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries and the Group's interest in associates accounted for under equity method of accounting as at December 31, 2020 and 2019.

Control is achieved when the Group has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), 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.

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components while any resulting gain or loss is recognized in consolidated statement of income. Any investment retained is recognized at fair value.

Transactions involving noncontrolling interest in a subsidiary without a change of control are accounted for as equity transactions. Any excess or deficit of consideration paid over the carrying amount of noncontrolling interest acquired is recognized in equity of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, including intercompany profits and losses, are eliminated.

Details on the subsidiaries as of December 31, 2020 and 2019 are as follows:

	Country of Incorporation	Percentage of Ownership
Magellan Capital Holdings Corporation (MCHC)*	Philippines	94.37%
Pinamucan Industrial Estates, Inc. (PIEI)	Philippines	100%
Malabrigo Corporation (MC)	Philippines	100%
Magellan Capital Realty Development Corporation (MCRDC)**	Philippines	100%
Magellan Capital Trading Corporation (MCTC)**	Philippines	100%

**Intermediate parent company*
***Non-operational since incorporation.*

MCHC
MCHC is a holding company involved in investing real and personal properties of every kind, including, but not limited to, land, buildings, condominium units, shares of stock, bonds, and other securities of any corporation or association, domestic or foreign. MCHC was registered with SEC on November 6, 1990. MCHC has investments in subsidiaries, mainly PIEI, MC, MCRDC and MCTC.

PIEI
PIEI was organized primarily as a real estate developer and was registered with the SEC on May 5, 1993.

MC
MC was organized primarily to purchase, operate, maintain and sell coal mines and their products and by-products. MC was registered with the SEC on August 31, 1993.

MCRDC
MCRDC was organized to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts and obligations of any corporation or corporations, domestic or foreign. MCRDC was registered with the SEC on November 14, 1990 and has been non-operational since incorporation.

MCTC
MCTC was organized to conduct and carry on the business of buying, selling, distributing and marketing at wholesale and retail all kinds of goods, commodities, wares and merchandise. MCTC was registered with the SEC on January 7, 1991 and has been non-operational since incorporation.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the changes in accounting policies explained below.

The Group has adopted amendments to standards, including any consequential amendments to other standards, with date of initial application of January 1, 2020.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- *Amendments to References to Conceptual Framework in PFRSs* sets out amendments to PFRSs, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- *Definition of a Business (Amendments to PFRS 3, Business Combinations)*. The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:

  - confirmed that a business must include inputs and a process, and clarified that:

    - the process must be substantive; and
    - the inputs and process must together significantly contribute to creating outputs;

  - narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
  - added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

- *Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors).* The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the 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 the definition of material and its application by:

  a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';

  b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

  c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  d) clarifying the explanatory paragraphs accompanying the definition; and

  e) aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

<u>Amendments to Standards Issued But Not Yet Adopted</u>
A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Group has not early adopted the following amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

The Group will adopt the following amendments to standards that are relevant to the Group on the respective effective dates:

Effective January 1, 2022

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets).* The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards. Improvement relevant to the Group is as follows:

  - *Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9).* The amendment clarifies that for the purpose of performing the '10 percent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the Group complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

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

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

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgements*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

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

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to* PFRS 10 *and* PAS 28*)*. The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

  The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed 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.

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle;

- Held primarily for the purpose of trading;

- Expected to be realized within twelve months after the reporting period; or

- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent.

Fair Value Measurement

Fair value is the estimated 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 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 best economic interest.

A fair value measurement of a nonfinancial 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: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, 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' profit amount.

Financial Instruments

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and 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 or for which the Group has applied the practical expedient, 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 that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortized cost or FVOCI, 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.

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

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

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

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

The Group's financial assets at amortized cost includes "Cash and cash equivalents", "Receivables", "Due from related parties" and "Convertible notes receivable" accounts in the consolidated statement of financial position.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from date of placements and that are subject to an insignificant risk of change in value.

Financial Assets at FVOCI With Recycling of Cumulative Gains and Losses (Debt Instruments). The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and

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

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for the financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI and are recycled to the consolidated statement of income upon disposal.

Financial Assets Designated at FVOCI With No Recycling of Cumulative Gains and Losses Upon Derecognition (Equity Instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of financial asset, in which case, such gains are recorded in the consolidated statement of comprehensive income. Equity instruments designated at FVOCI are not subject to impairment.

Financial Assets at FVTPL. Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flow that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminated, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value. Gains and losses arising from fair value changes are recognized in consolidated statement of income.

This category includes listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as 'Dividend income' in the consolidated statement of income when the right of payment has been established.

Impairment of Financial Assets. The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

The ECL calculation using general approach is composed of three major components - probability of default (PD), loss given default (LGD), and exposure at default (EAD). The 12-month ECL is computed for Stage 1 accounts, while the lifetime ECL is calculated for Stage 2 and Stage 3 accounts. The ECL calculation using simplified approach is computed for Stage 2 and 3 accounts, using lifetime ECL. Accounts with objective evidence of impairment are classified under Stage 3 and shall follow the Group's impairment methodology.

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).

A loss allowance at an amount equal to at least 12-month expected credit losses will be recognized throughout the life of financial assets, thereby reducing the systematic overstatement of interest income. A loss allowance at an amount equal to lifetime expected credit losses will be recognized when credit risk has significantly increased since initial recognition, resulting in the timely recognition of expected credit losses.

The Group considers a financial asset in default when contractual payments are 90 days past due and/or it meets certain qualitative criteria. 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities
Initial Recognition and Measurement. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Group's financial liabilities include "Accounts payable and accrued expenses", excluding payables to the government, "Dividends payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards).

<u>Derecognition of Financial Instruments</u>
Financial Assets
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 Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay 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.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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 income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position 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. The Group assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

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

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

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Investments in Associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investments in associates are accounted for under the equity method.

Under the equity method, the investments in associates are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associates after the date of acquisition. The Group's share of the associates' profit or loss is recognized in the consolidated statement of income. Distributions received from associates reduce the carrying amount of the investment.

Any change in OCI of those investees is presented as part of the consolidated statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate. If the Group's shares of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in its associates. At each reporting date, the Group determines whether there is objective evidence that the investments in associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognize the loss in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

The Group has equity interest in the following associates as of December 31, 2020 and 2019:

	Country of Incorporation	Percentage of Ownership
Pointwest Technologies Corporation (PTC)	**Philippines**	**30%**
Business Process Outsourcing International (BPO)	**Philippines**	**35%**
Magellan Utilities Development Corporation (MUDC)	**Philippines**	**43%**

Investment Properties

Investment properties, comprising a parcel of land and condominium units, are held either to earn rental income or for capital appreciation or both. Investment property pertaining to land is measured at cost, including transaction costs less any accumulated impairment in value.

Investment property pertaining to condominium units is carried at cost less any accumulated depreciation and any impairment in value. Depreciation is computed using straight-line method over the estimated useful life of 25 years.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment, including cost of major inspection, when that cost is incurred and if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred.

Depreciation and amortization charge is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

Category	Number of Years
Condominium	25
Condominium improvements	10 or useful life, whichever is shorter
Transportation equipment	10
Office furniture, fixtures and equipment	5

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

The residual value and useful lives of property and equipment are reviewed periodically and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited or charged to current operations. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

Impairment of Nonfinancial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset maybe impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognized in consolidated statement of income in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in consolidated statement of income.

Capital Stock and Additional Paid-in Capital

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

Retained Earnings

Retained earnings represent accumulated profits attributable to equity holders of the Group after deducting dividends declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition

Revenue is recognized when control over a product or service is transferred to the customer, or the customer has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Revenue Outside the Scope of PFRS 15

The specific recognition criteria described below must be met before revenue is recognized.

Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the EIR method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend Income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when the investee's BOD approves the dividend.

Rent Income
Rent income arising from operating lease on investment properties is accounted for on a straight-line basis over the noncancelable lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on a straight-line basis. Contingent rents are recognized as revenue in the period in which they are earned.

Other Income
Other income earned outside the normal course business is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when goods are received by and services are rendered to the Group or when the expenses arise.

Retirement Benefits
The Group operates an unfunded defined benefit plan in the Philippines.

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

Remeasurements comprising of actuarial gains and losses, return on plan assets and any change in the effect of asset ceiling (excluding amounts net interest on the net defined benefit liability), are recognized immediately in OCI in the period in which they occur. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods.

Past service costs are recognized in the consolidated statement of income on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "Retirement benefits" in consolidated statement of income:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income

Leases
As a Lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received as income on a straight- line basis over the lease term in the consolidated statement of income.

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the functional currency spot rates of exchange at the reporting date. Differences arising from settlement or translation of monetary items are recognized in consolidated statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values are determined. The gain or loss arising on translation of nonmonetary items measured at fair values is treated in line with the recognition of gain or loss on the change in fair value of the item.

Income Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Income Tax

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred income 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 income tax asset to be utilized. Unrecognized deferred income 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 the deferred income tax asset to be recovered.

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

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

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

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

<u>Provisions, Contingent Liabilities and Contingent Assets</u>

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the 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 a provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent Liabilities and Contingent Assets
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 are disclosed when an inflow of economic benefits is probable.

Earnings Per Share (EPS)
Basic EPS amounts are calculated by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net income for the year 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 the dilutive potential ordinary shares into ordinary shares.

As at December 31, 2020, 2019 and 2018, the Group does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Segment Reporting
For purposes of Management reporting, the Group operates mainly in one reportable business segment and one reportable geographical segment. The Group's identified operating segment is consistent with the segment reported to the BOD which is the Group's Chief Operating Decision Maker (CODM).

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

4. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRSs require management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following items are those matters which the Group assess to have significant risks arising from estimation uncertainties:

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:

Determination of Significant Influence over an Investee Company
The Group considers its investments in PTC, BPO and MUDC as investments in associates. The Group concluded that given its 30%, 35% and 43% ownership interest in PTC, BPO and MUDC, respectively, it has significant influence over the operating and financial policies of these associates, with considerations of the following factors:

- representation on the BOD;
- participation in policy-making processes, including participation in decisions about dividends and other distributions; and
- material transactions between the investor and investee.

Determining Noncontrolling Interest (NCI) that is Material to the Group
The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's consolidated financial position or results of operations. The Group also considers the nature of the activities of the subsidiary and its relative importance or risk compared to other operations of the Group. Based on management's assessment, it has determined that the NCI in MCHC is not material to the Group.

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

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether market transactions take place with sufficient frequency and volume.

Contractual Cash Flows Assessment
For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Investments in a financial asset that are convertible into equity instruments of the issuer are analyzed for classification in its entirety. A convertible financial asset does not meet the SPPI criterion when its interest rate does not reflect the consideration for the time value of money and the credit risk of the issuer. This is not the case when the issuer's shares are used to settle the instrument with a variable number of shares being issued that are equal in value to the unpaid principal and interest of the financial asset.

The Group's convertible notes receivable amounting to P42.1 million as at December 31, 2020 met the SPPI criterion.

Evaluation of Business Model in Managing Financial Instruments
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

<u>Estimates and Assumptions</u>
The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Determination of Fair Values of Financial Instruments
The Group carries and discloses certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., quoted prices, interest rates and foreign exchange rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology.

Where the fair value of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Group's financial instruments are disclosed in Note 24 to the consolidated financial statements.

Estimating Provision for ECL
The Group uses the general approach to calculate ECL for receivables and amounts due from related parties. The Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date. The information about the Group's ECLs is disclosed in Note 23.

In 2020, the Group did not recognize additional provision for ECLs on its receivables and due from related parties.

As at December 31, 2020 and 2019, the aggregate allowance for ECLs on receivables and due from related parties amounted to P189.6 million. The receivables and due from related parties, net of allowance for ECLs, amounted to P30.8 million and P23.3 million as at December 31, 2020 and 2019, respectively (see Notes 7 and 19).

Estimating Impairment of Debt Securities Classified as Financial Assets at FVOCI
The Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instruments has increased significantly since initial recognition.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group's debt instrument in FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, 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 ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group recognized impairment loss for debt securities classified as financial assets at FVOCI amounting to nil, P0.7 million and P0.8 million in 2020, 2019 and 2018, respectively (see Note 9). The carrying value of debt securities classified as financial assets at FVOCI amounted to P191.1 million and P235.9 million as at December 31, 2020 and 2019, respectively.

Estimating Impairment of Investments in Associates
The Group performs an impairment review on its investments in associates whenever an impairment indicator exists. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Group to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows.

The carrying amount of investments in associates amounted to P278.9 million and P277.6 million as at December 31, 2020 and 2019, respectively. Allowance for impairment losses on the Group's investments in associates amounted to P94.8 million as at December 31, 2020 and 2019 (see Note 8).

Estimating Impairment of Nonfinancial Assets
The Group determines whether prepayments and other current assets, property and equipment, investment properties, and other noncurrent assets are impaired whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;

- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and

- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The Group has not identified any events or changes in circumstances that would indicate an impairment of its nonfinancial assets as of December 31, 2020 and 2019 presented below:

	Note	**2020**	2019
Prepayments and other current assets		**P35,741,882**	P33,303,803
Property and equipment	*11*	**6,038,953**	7,283,121
Investment properties	*12*	**382,487,423**	391,291,609
Other noncurrent assets*	*13*	**29,110,197**	2,877,538
		P453,378,455	P434,756,071

**Excluding Investment in right issue subscription amounting to P19,214,400 as at December 31, 2020*

Estimating Realizability of Deferred Income Tax Assets
Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Group did not recognize deferred income tax assets on its deductible temporary differences amounting to P250.6 million as of December 31, 2020 and 2019 as management believes that sufficient future taxable income will not be available to allow all or part of the deferred income tax asset to be utilized (see Note 17).

Estimating Provision for Legal Obligation
The estimate of provision for legal obligation has been developed by management. The management currently does not believe the provision will have a material adverse effect on its consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates of provisions. The Group recognized provision for legal obligation amounting to P5.0 million for claim arising from lawsuit which is either awaiting decision by the courts or is subject to settlement obligations (see Note 22). No additional provisions were recognized in 2020 and 2019.

5. Cash and Cash Equivalents

	2020	2019
Cash on hand and in banks	**P123,541,916**	P34,519,227
Short-term placements	**399,997,325**	547,733,443
	P523,539,241	P582,252,670

Cash in banks earns interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States Dollar (USD) and Philippine peso, made for varying periods of up to three months or less subject to roll-over requirements of the Group, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 0.6% to 3.8% in 2020 and 1.5% to 6.2% in 2019.

Interest income earned from these bank deposits and short-term placements amounted to P7.9 million, P18.9 million and P13.6 million in 2020, 2019 and 2018, respectively.

6. Financial Assets at FVTPL

Financial assets at FVTPL consist of listed securities which are traded in the PSE, New York Stock Exchange (NYSE) and Hong Kong Stock Exchange (HKEx). Fair values of listed equity securities are based on quoted market prices in the PSE, NYSE and HKEx.

The carrying value of financial assets at FVTPL includes cumulative unrealized gain on fair value changes amounting to P50.7 million and P55.1 million as at December 31, 2020 and 2019, respectively.

The rollforward of the Group's investments in financial assets at FVTPL is as follows:

	2020	2019
Cost:		
Balances at beginning of year	P193,570,752	P174,942,538
Additions	41,662,888	23,571,711
Disposals	(124,920,357)	(4,943,497)
Balances at end of year	110,313,283	193,570,752
Changes in fair value:		
Balances at beginning of year	55,076,076	29,795,774
Fair value gains	1,291,073	27,685,974
Disposals	(5,673,955)	(2,405,672)
Balances at end of year	50,693,194	55,076,076
	P161,006,477	P248,646,828

Dividend income earned on investments in financial assets at FVTPL amounted to P2.9 million, P4.0 million and P1.4 million in 2020, 2019 and 2018, respectively.

The Group recognized gain on disposal of financial asset at FVTPL amounting to P21.9 million, P0.1 million and nil in 2020, 2019 and 2018, respectively.

7. Receivables - net

	2020	2019
Third parties:		
Accrued interest	P4,478,337	P6,193,246
Rent receivables	5,135,246	595,352
Others	69,840	79,340
Balances at end of year	9,683,423	6,867,938
Less allowance for expected credit losses	961,368	961,368
	P8,722,055	P5,906,570

Accrued interest from third parties pertains to interest earned on investments in short-term placements, short-term investments and debt securities classified as financial assets at FVOCI that are expected to be collected within one year.

8. Investments in Associates - net

	2020	2019
Acquisition cost	P193,760,135	P193,760,135
Accumulated equity in net earnings:		
As at beginning of year	178,669,649	184,533,306
Share in net income of associates	32,071,045	5,344,072
Share in OCI of associates	419,894	26,238,374
Dividends declared by associates	(14,403,360)	(29,712,600)
Cumulative translation adjustment	(16,776,528)	(7,733,503)
As at end of year	179,980,700	178,669,649
	373,740,835	372,429,784
Less allowance for impairment losses	94,830,129	94,830,129
	P278,910,706	P277,599,655

The Group has equity interest in the following associates as of December 31:

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investment 2020	2019
MUDC	Philippines	43%	P94,830,129	P94,830,129
Less allowance for impairment losses			94,830,129	94,830,129
			-	-
PTC	Philippines	30%	203,003,334	207,396,660
BPO	Philippines	35%	75,907,372	70,358,809
			P278,910,706	P277,755,469

PTC

PTC is a global service company outsourcing information technology services from the Philippines. Among others, it offers software servicing, maintenance, testing and development to various clients, mostly in the US.

Dividends

On December 17, 2020, PTC declared cash dividends amounting to $0.8 million or $0.00055 per share of the outstanding stocks. Dividends shall be payable on or before April 30, 2021 (see Note 19).

On April 12, 2019, PTC declared cash dividends amounting to $1.0 million or $0.00073 per share of the outstanding stocks as of record date January 31, 2019. Dividends shall be payable before June 30, 2019 (see Note 19).

The Group's share in the dividends declared amounted to P10.9 million and P15.7 million in 2020 and 2019, respectively.

The summarized financial information of PTC is as follows ('000):

	2020	2019
Current assets	**P676,233**	P560,836
Noncurrent assets	**267,288**	303,382
Total assets	**943,521**	864,218
Current liabilities	**225,997**	117,615
Noncurrent liabilities	**40,847**	74,030
Total liabilities	**266,844**	191,645
Equity	**676,677**	672,573
Gross revenue	**714,638**	748,470
Operating profit (loss)	**58,956**	(63,381)
Net income (loss)	**76,222**	(54,911)
Group's share in net income (loss)	**22,867**	(16,473)
Group's share in OCI	**(16,357)**	17,745

The difference between the carrying value of the investment in PTC against the share in net assets of PTC represents goodwill at acquisition date.

BPO

BPO is a provider of accounting and finance related services such as payroll, internal audit, payables processing and others. It is involved in outsourcing business process services in the Philippines, servicing many of the multinational and large corporations operating in the country.

Dividends

On December 29, 2020, BPO declared cash dividends amounting to P10.0 million or P12.82 per share of the outstanding stocks as of record date December 25, 2020. Dividends will be paid in the subsequent year (see Note 19).

On December 27, 2019, BPO declared cash dividends amounting to P40.0 million or P51.28 per share of the outstanding stocks as of record date December 28, 2019. Dividends shall be payable on or before August 28, 2020 (see Note 19).

The Group's share in the dividends declared amounted to P3.5 million and P14.0 million in 2020 and 2019, respectively.

The summarized financial information of BPO is as follows ('000):

	2020	2019
Current assets	**P172,863**	P177,620
Noncurrent assets	**107,407**	99,529
Total assets	**280,270**	277,149
Current liabilities	**109,768**	124,556
Noncurrent liabilities	**13,020**	11,410
Total liabilities	**122,788**	135,966
Equity	**157,482**	141,183
Gross revenue	**411,399**	205,268
Operating profit	**36,333**	89,808
Net income	**26,298**	62,781
Group's share in net income	**9,204**	21,973
Group's share in OCI	**-**	780

The difference between the carrying value of the investment in BPO against the share in net assets of BPO represents goodwill at acquisition date.

MUDC
The Group has a 43% interest in MUDC. As of December 31, 2020, MUDC has been non-operational since its incorporation. However, it has obtained the necessary requirements for the signing of a supply agreement with a public utility firm and a purchase agreement with certain oil companies. As at December 31, 2020 and 2019, MUDC has project development costs of P207.1 million. The recoverability of these assets and the ultimate success of MUDC's future operations are dependent upon the signing of these agreements. The foregoing conditions indicate the existence of a material uncertainty which may cast significant doubt on MUDC's ability to continue as a going concern and the recoverability of the Group's significant investment in MUDC.

MUDC has incurred significant losses, which resulted in capital deficiency amounting to P257.4 million as at December 31, 2020 and 2019.

The Group has investment in MUDC amounting to P94.8 million as at December 31, 2020 and 2019 and advances to MUDC amounting to P188.4 million as at December 31, 2020 and 2019. The Group has assessed that its investment in MUDC and its advances to MUDC are impaired since management believes that it will no longer recover from such investment and advances. Management is not required to infuse more capital to MUDC and that losses are limited to the invested additional advances as at December 31, 2020 and 2019.

9. Financial Assets at FVOCI

	2020	2019
Quoted:		
Debt securities - at fair value; net of allowance for impairment loss of P2.1 million in 2020 and 2019	**P191,116,707**	P235,921,149
Equity securities	**45,475,225**	58,075,827
Unquoted equity securities	**114,050,277**	6,515,877
	350,642,209	300,512,853
Less current portion	**582,302**	582,302
	P350,059,907	P299,930,551

Movements in financial assets at FVOCI financial assets are as follows:

	2020	2019
Balance beginning of the year	**P300,512,853**	P431,031,604
Additions	**115,288,123**	15,506,600
Changes recognized in profit or loss	**20,154,411**	(8,216,708)
Net unrealized valuation loss	**(8,982,660)**	(43,803,871)
Disposals	**(76,330,518)**	(94,004,772)
Balances at end of year	**P350,642,209**	P300,512,853

Investments in debt securities are denominated in various foreign currencies and are stated at fair value based on quoted prices. Changes in market values are included in the consolidated statement of comprehensive income. The debt securities bear fixed interest rates ranging from 4.55% to 9.63% in 2020 and 4.38% to 13.63% in 2019. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

Investments in equity securities carried at fair value consist of investments in quoted and unquoted shares of stock which the Group has neither control nor significant influence. The fair market values of the listed shares are determined by reference to published quotations in an active market as at December 31, 2020 and 2019. For unlisted shares of stocks that do not have readily available market values, the Group uses valuation for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Movements in the net unrealized valuation gains on financial assets at FVOCI financial assets are as follows:

	2020	2019
Balance at beginning of year	(P13,073,284)	P23,979,812
Changes in fair value	(3,191,462)	(34,163,736)
Disposals	(4,314,224)	(3,563,773)
Expected credit losses	-	674,413
Balances at end of year	(P20,578,970)	(P13,073,284)

Allowance for expected credit losses on financial assets at FVOCI debt instruments financial assets amounted to P2.1 million as of December 31, 2020 and 2019.

Net unrealized valuation losses on financial assets at FVOCI attributable to equity holders of the Parent Company amounted to P7.1 million and P18.5 million in 2020 and 2019, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to P13.4 million, P17.4 million and P19.5 million in 2020, 2019 and 2018, respectively, presented as "Interest income" in the consolidated statement of income.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to P0.8 million, P0.9 million and P0.7 million in 2020, 2019 and 2018, respectively.

The Group disposed of certain financial assets at FVOCI and recognized a gain (loss) from disposal amounting to (P2.1 million), P3.9 million and (P1.3 million) in 2020, 2019 and 2018, respectively.

10. Convertible Notes Receivable

The Group entered into an agreement with Xen Technologies Pte. Ltd. ("Xen"), whereby the Group was issued convertible promissory notes ("Notes"). A total amount of USD850,000 was paid for the year ended December 31, 2020. The Notes bear interest at 8% per annum and all unpaid interest and principal, to the extent not already converted, are due and payable upon request of the Group on or before the maturity date.

The Notes are convertible upon the occurrence of the following events:

- Conversion upon a qualified financing which is an equity financing of at least USD1,500,000;
- If a liquidation event occurs before maturity date, the Notes, together with all unpaid interest accrued, will automatically convert to shares on the date of the liquidation event; or

- Optional conversion at the maturity date.

The table below summarizes the Notes from Xen:

Agreement Date	Interest Rate	Years before Maturity Date	Amount in USD
April 27, 2020	8%	2	450,000
September 28, 2020	8%	2	300,000
October 28, 2020	8%	2	100,000

As at December 31, 2020, the carrying amount of the Notes amounted to P42.1 million.

11. Property and Equipment - net

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
January 1, 2019	P20,755,943	P8,764,062	P10,263,079	P2,865,479	P42,648,563
Additions	-	-	-	9,567	9,567
December 31, 2019	20,755,943	8,764,062	10,263,079	2,875,046	42,658,130
Additions	-	-	-	189,553	189,553
Disposals	-	-	(3,028,571)	-	(3,028,571)
December 31, 2020	20,755,943	8,764,062	7,234,508	3,064,599	39,819,112
Accumulated Depreciation					
January 1, 2019	15,152,152	8,387,280	7,337,618	2,844,432	33,721,482
Depreciation and amortization	830,237	70,547	743,595	9,148	1,653,527
December 31, 2019	15,982,389	8,457,827	8,081,213	2,853,580	35,375,009
Depreciation and amortization	830,237	70,547	411,695	16,004	1,328,483
Disposals	-	-	(2,923,333)	-	(2,923,333)
December 31, 2020	16,812,626	8,528,374	5,569,575	2,869,584	33,780,159
Carrying Amounts					
December 31, 2019	P4,773,554	P306,235	P2,181,866	P21,466	P7,283,121
December 31, 2020	P3,943,317	P235,688	P1,664,933	P195,015	P6,038,953

Cost of fully depreciated property and equipment that are still in use amounted to P15.3 million in 2020 and 2019.

The Group recognized gains on disposal of property and equipment amounting to P0.4 million in 2020, and nil in 2019 and 2018.

Management believes that there is no indication of impairment loss that has occurred on its property and equipment.

12. Investment Properties - net

	Land	Condominium	Total
Cost			
January 1, 2019	P46,319,625	P395,565,125	P441,884,750
Additions	-	189,876	189,876
December 31, 2019 and 2020	**46,319,625**	**395,755,001**	**442,074,626**
Accumulated Depreciation			
January 1, 2019	-	41,987,196	41,987,196
Depreciation	-	8,795,821	8,795,821
December 31, 2019	-	50,783,017	50,783,017
Depreciation	-	8,804,187	8,804,187
December 31, 2020	**-**	**59,587,204**	**59,587,204**
Carrying Amounts			
December 31, 2019	P46,319,625	P344,971,984	P391,291,609
December 31, 2020	**P46,319,625**	**P336,167,797**	**P382,487,422**

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to P23.3 million, P25.1 million and P23.2 million in 2020, 2019 and 2018, respectively (see Note 22). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to P11.3 million, P10.8 million and P11.0 million in 2020, 2019 and 2018, respectively.

The assessed fair value of the investment properties amounted to P1,763.1 million and P1,316.6 million as at December 31, 2020 and 2019, respectively. The fair values of the investment properties in 2020 are based on valuations performed by an accredited independent valuer. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Group used the Sales Comparison Approach in determining the fair value of the investment properties. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

The fair value is estimated under Level 3 inputs. The significant unobservable inputs to valuation of investment properties ranges from P92,700 – P855,000 per square meter.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

13. Other Noncurrent Assets

On December 29, 2020, the Group entered into an agreement with Xen to invest in rights issue subscription amounting to P19.2 million. These rights issue subscriptions grant the Group certain preferential rights in Xen, including right to receive dividends, and are convertible into Xen's ordinary shares subject to certain conditions as stated in the contract agreement. As at December 31, 2020, investments in rights issue subscription are measured at FVOCI and are valued based on the recently transacted price which is deemed the fair value. The recent transacted price has been concluded to best represent the fair value on the basis that there have been no significant changes between the transaction date and the balance sheet date.

As at December 31, 2020 and 2019, cash amounting to P26.3 million has been restricted in relation to the Group's on-going legal proceeding (see Note 22).

14. Accounts Payable and Accrued Expenses

	2020	2019
Current portion of deposits payable	**P3,293,050**	P7,063,978
Payables to the government	**1,671,889**	1,289,884
Accounts payable	**1,180,848**	388,733
Accrued professional fees	**651,426**	1,588,265
Deferred rental income	**-**	8,400
	P6,797,213	P10,339,260

Deposits payable pertain to deposits made by tenants for the lease of an insignificant portion of the Group's condominium spaces and will be refunded to the lessee after the lease term.

Accounts payable are generally noninterest-bearing payables to third party contractors with a credit term of 30 days.

15. Retirement Benefit Obligation

The existing regulatory framework, Republic Act (RA) No. 7641, otherwise known as *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 Group has an unfunded defined benefit pension plan covering substantially all its regular employees. Retirement benefits under the plan are based on a percentage of latest monthly salary and years of credited service.

The table below summarizes the components of retirement benefit expense recognized in the consolidated statement of income, the remeasurement effects recognized in the consolidated statement of comprehensive income and the amounts recognized in the consolidated statement of financial position.

	2020	2019
Balances at beginning of year	**P18,344,610**	P12,927,729
Retirement benefit expense in profit or loss:		
Current service cost	**827,606**	881,065
Interest cost	**881,678**	942,345
	1,709,284	1,823,410
Benefit paid	**-**	(230, 093)
Remeasurement losses (gains) in OCI:		
Experience adjustment	**(3,734,360)**	3,364,354
Changes in financial assumption	**286,901**	459,210
	(3,447,459)	3,823,564
Balances at end of year	**P16,606,435**	P18,344,610

Actuarial gains (losses) on retirement benefit obligation attributable to the equity holders of the Parent Company amounted to P2.3 million and (P2.5 million) in 2020 and 2019, respectively.

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2020	2019
Discount rate	**4.00%**	7.00%
Salary increase rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2020 and 2019, assuming if all other assumptions were held constant:

		Effect on Defined Benefit Obligation	
		2020	2019
Discount rate	+50 basis points	**(P125,928)**	(P102,264)
	-50 basis points	**137,199**	109,452
Future salary increase	+50 basis points	**100,939**	71,365
	-50 basis points	**(91,271)**	(65,234)

The average duration of the retirement benefit obligation as at December 31, 2020 and 2019 is 6 years and 5 years, respectively.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2020	2019
More than 1 year to 5 years	**P16,766,632**	P19,184,268
More than 5 years to 10 years	**777,059**	380,825
More than 10 years to 15 years	**-**	351,459
More than 15 years to 20 years	**5,925,493**	5,333,933
	P23,469,184	P25,250,485

16. Other Income

In 2020, the Group has signed a compromise agreement with a defendant wherein the defendant will pay P10.0 million to settle the legal case against them. P7.5 million of which has been paid and the remaining balance is subject to 10% interest rate per annum until the amount is fully paid.

17. Income Taxes

The Group's provision for current income tax in 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Regular corporate income tax	**P4,379,972**	P10,642,931	P3,618,264
Final tax interest income	**1,406,778**	3,712,380	2,446,789
Deferred tax expense (benefit)	**(3,125,469)**	(4,261,351)	1,826,571
	P2,661,281	P10,093,960	P7,891,624

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in profit or loss is as follows:

	2020	2019	2018
At statutory tax rate of 30%:	**P13,847,911**	P13,123,005	P6,293,250
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	**3,773,162**	4,001,918	2,888,469
Interest income already subjected to final tax	**(2,128,431)**	(5,107,159)	(1,567,615)
Equity in net losses (earnings) of associates	**(9,621,314)**	(1,603,222)	4,191,661
Nontaxable dividend income	**(3,210,047)**	(320,582)	(125,071)
Movement in unrecognized net deferred income tax asset	-	-	(3,789,070)
	P2,661,281	P10,093,960	P7,891,624

The Group's net deferred income taxes as of December 31, 2020 and 2019 are as follows:

2020	**Beginning Balance**	**Credited (Charged) to Profit or Loss**	**Credited (Charged) to OCI**	**Ending Balance**
Deferred Income Tax Assets				
Allowance for expected credit losses on financial assets at FVOCI	**P7,613,930**	**P -**	**P -**	**P7,613,930**
Unrealized valuation loss on financial assets at FVOCI	**4,529,487**	**-**	**1,429,141**	**5,958,628**
Retirement benefit obligation	**4,262,431**	**512,785**	**-**	**4,775,216**
NOLCO	**-**	**2,961,664**	**-**	**2,961,664**
Unrealized foreign exchange losses (gains)	**(2,898,673)**	**3,863,981**	**-**	**965,308**
Actuarial losses on retirement benefit obligation	**1,309,981**	**-**	**(1,034,238)**	**275,743**
MCIT	**-**	**187,058**	**-**	**187,058**
Accrued rent	**152,533**	**(99,095)**	**-**	**53,438**
Unrealized valuation gains on financial assets at FVTPL	**(4,463,955)**	**(4,300,924)**	**-**	**(8,764,879)**
	P10,505,734	**P3,125,469**	**P394,903**	**P14,026,106**

2019	Beginning Balance	Credited (Charged) to Profit or Loss	Credited (Charged) to OCI	Ending Balance
Deferred Income Tax Assets				
Allowance for expected credit losses on financial assets	P6,938,927	P675,003	P -	P7,613,930
Unrealized valuation losses (gains) on financial assets at FVOCI	(6,083,740)	-	10,613,227	4,529,487
Retirement benefit obligation	3,715,408	547,023	-	4,262,431
Actuarial losses on retirement benefit obligation	162,911	-	1,147,070	1,309,981
Accrued rent	281,893	(129,360)		152,533
Unrealized valuation losses (gains) on financial assets at FVTPL	(2,764,443)	(1,699,512)	-	(4,463,955)
Unrealized foreign exchange gains	(6,981,331)	4,082,658	-	(2,898,673)
	(P4,730,375)	P3,475,812	P11,760,297	P10,505,734

No deferred income tax assets were recognized for the following deductible temporary differences as it is not probable that sufficient taxable profits will be available to allow the benefit of the deferred income tax assets to be utilized:

	2020	2019
Allowance for impairment losses on due from related parties	**P150,796,579**	P150,796,579
Allowance for impairment losses on investment in an associate	**94,830,129**	94,830,129
Provision for legal obligation	**5,000,000**	5,000,000
	P250,626,708	P250,626,708

18. Equity

a. Common Stock

In accordance with Revised SRC Rule 68, Annex 68-D, below is a summary of the Group's track record of registration of securities.

	Number of Shares Registered	Issue/Offer Price	Date of Approval
Common shares	1,000,000,000	P0.01	December 8, 1982
Common shares	9,000,000,000	0.01	July, 28,1997

The details of the Group's capital stock are as follows:

	2020	2019
Common stock - P1 par value		
Class A		
Authorized - 600 million shares		
Issued - 292,610,118 shares	**P292,610,118**	P292,610,118
Class B		
Authorized - 400 million shares		
Issued - 189,217,535 shares	**189,217,535**	189,217,535
	P481,827,653	P481,827,653

Class A and B common stockholders enjoy the same rights and privileges, except that Class A shares may be owned by, transferred to and subscribed only by Filipino citizens or corporations, partnerships and associations organized under the laws of the Philippines, of which 60% of the common stock outstanding is owned by citizens of the Philippines. Class B shares may be issued, transferred or sold to any person, corporation, partnership or association regardless of nationality.

In 1979, the registrant listed with the PSE (or its predecessor, Manila Stock Exchange) its common stock under its previous name, Ultrana Energy and Resource Corporation, where it offered 1,000,000,000 shares to the public at the issue price of P0.01 per share.

On July 28, 1997, the SEC approved the increase in the Group's authorized capital stock from 10,000,000,000, divided into 6,000,000,000 Class A common shares with par value of P0.01 per share and 4,000,000,000 Class B common shares with par value of P0.01 per share to 1,000,000,000 common shares, divided into 600,000,000 Class A common shares with par value of P1 per share and 400,000,000 Class B common shares with par value of P1 per share.

On November 26, 2000, the BOD approved the issuance, out of the authorized common stock, of 192,413,090 shares at P1 par value which will be offered through a pre-emptive stock rights issue and detachable stock warrants, as follows:

(a) 96,206,545 shares consisting of 58,377,278 Class A shares and 37,829,267 Class B shares, to be offered in two tranches, the First Tranche consisting of 48,103,272 shares of stock and the Second Tranche consisting of 48,103,273 shares of stock, to which each stockholder may subscribe on a pre-emptive rights basis; and

(b) the balance of 96,206,545 shares to be offered through detachable stock warrants, which shall entitle each stockholder to subscribe to one share of stock for every one share of stock of the same class that such stockholder subscribe to out of this stock rights issue.

The Group's application to list additional 192,413,090 common shares with a par value of P1 per share through pre-emptive rights issue and detachable subscription warrants was approved by the PSE on February 27, 2002 and by the SEC on April 5, 2002.

The exercise periods and expiration dates of the Group's subscription warrants are as follows:

	Number of Shares	Exercise Periods	Expiration Dates
Frist Tranche:			
Class A common shares	29,188,639	June 4, 2002 to	
Class B common shares	18,914,633	June 3, 2007	June 3, 2007
	48,103,272		
Second Tranche:			
Class A common shares	29,188,639	May 9, 2003 to	
Class B common shares	18,914,634	May 8, 2008	May 8, 2008
	48,103,273		
	96,206,545		

Full payment of each subscription under the First Tranche was made within the offer period approved by the PSE and the SEC, and the full payment of each subscription under the Second Tranche shall be due and payable one year from the last day of the offer period. With the full subscription of the Pre-Emptive Rights Stock Offering, the Group's outstanding common stock increased to 481,032,728 common shares of stock, consisting of 291,886,391 Class A common shares and 189,146,337 Class B common shares, all with par value of P1 per share.

With the complete exercise of all Detachable Stock Warrants, the Group will have an outstanding common stock of 577,239,273 shares, consisting of 350,263,669 Class A common shares and 226,975,604 Class B common shares, all with par value of P1 per share. However, as of December 31, 2007, only 723,727 Class A common stock warrants and 71,198 Class B common stock warrants were exercised and 28,464,912 Class A common stock warrants and 18,843,435 Class B common stock warrants expired. As of December 31, 2008, 29,188,639 Class A common stock warrants and 18,914,634 Class B common stock warrants expired due to non-exercise of stock warrants before expiration date. After the expiration of the said warrants, the Group's outstanding common stock amounted to P481,827,653 with additional paid-in capital of P144,759,977. There have been no movements since 2008.

The Parent Company has 480 stockholders as at December 31, 2020 and 2019.

b. Treasury Shares

The Group's treasury shares pertain to shares of the Parent Company acquired or held by its subsidiaries. For consolidation purposes, the costs of these shares are presented under the "Treasury shares" account in the equity section of the consolidated statement of financial position.

In 2019, PIEI purchased 45,000 Class A shares of the Parent Company with a total cost of P0.2 million. In 2020, PIEI purchased additional 36,000 Class A shares with a total cost of P0.1 million.

As at December 31, 2020 and 2019, the Group's treasury shares are as follows:

	Shares		Amount	
	2020	2019	**2020**	2019
Balances at beginning of year	**98,087,387**	98,042,387	**P101,969,326**	P101,777,276
Additions	**36,000**	45,000	**125,500**	192,050
Balances at end of year	**98,123,387**	98,087,387	**P102,094,826**	P101,969,326

c. Retained Earnings

Retained earnings are restricted to the extent of the acquisition price of the treasury shares amounting to P102.1 million and P102.0 million as at December 31, 2020 and 2019, respectively. The balance of retained earnings includes the accumulated equity in net earnings of the subsidiaries and associates amounting to P1,052.4 million and P1,033.2 million as at December 31, 2020 and 2019, respectively. Such amounts are not available for distribution until such time that the Parent Company receives the dividends from the subsidiaries and associates. The balance of retained earnings also includes net cumulative unrealized gains on financial assets at FVTPL amounting to P41.3 million and P55.1 million as at December 31, 2020 and 2019, respectively.

Following are the dividends declared and paid by the Parent Company in 2020 and 2019:

2020

Declaration Date	Record Date	Payment Date	Description	Dividend Per Share	Total Amount
August 18, 2020	September 3, 2020	September 29, 2020	Regular	P0.10	P48,182,765

2019

Declaration Date	Record Date	Payment Date	Description	Dividend Per Share	Total Amount
July 16,2019	September 23, 2019	October 14, 2019	Regular	P0.10	P48,182,765
July 16, 2019	October 23, 2019	November 14,2019	Regular	0.10	48,182,766
					P96,365,531

2018

Declaration Date	Record Date	Payment Date	Description	Dividend Per Share	Total Amount
July 26,2018	August 15, 2018	September 5, 2018	Regular	P0.10	P48,182,765
July 26, 2018	September 14, 2018	October 5,2018	Regular	0.10	48,182,766
					P96,365,531

19. Related Party Transactions

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

The Group, through its BOD, recognizes that transactions between and among related parties create strategic financial, commercial, and economic benefits to the Group and its stakeholders. In this regard, related party transactions are generally allowed provided that when related party transactions amount to ten percent (10%) or higher of the Group's total consolidated assets, it shall be considered as Material Related Party Transactions and shall be subject to arms-length principle and BOD approval.

A summary of outstanding balances and transactions with related parties, net of allowance for impairment loss and presented under "Due from related parties - net" account, is as follows:

	Note	Year	Transactions During the Year	Outstanding Balances	Terms	Conditions
Associates						
BPO						
Rent income	*19a*	2020	P1,406,805	P150,163	On demand;	Unsecured;
	19a	2019	1,406,805	150,163	noninterest-bearing	unimpaired
Payroll service expense	*19b*	2020	112,847	-	On demand;	Unsecured;
	19b	2019	112,847	-	noninterest-bearing	unimpaired
Dividends	*8*	2020	3,499,974	10,499,923	On demand;	Unsecured;
	8	2019	13,999,897	16,885,116	noninterest-bearing	unimpaired
PTC						
Dividends	*8*	2020	10,903,386	10,903,386	On demand;	Unsecured;
	8	2019	15,712,703	-	noninterest-bearing	unimpaired
MUDC						
Advances	*19c*	2020	36,582	91,627	On demand;	Unsecured;
	19c	2019	55,046	55,046	noninterest-bearing	unimpaired
Under Common Control						
Other Related Parties						
Advances	*19c*	2020	13,556	419,300	On demand;	Unsecured;
	19c	2019	25,860	320,586	noninterest-bearing	unimpaired
		2020		P22,064,399		
		2019		P17,410,911		

a. The Group has an 11-year lease contract with BPO commencing on January 30, 2009 over one of its condominium units as office space with a monthly rental of P0.1 million. The lease contract expired on February 15, 2020 and was renewed for another year until February 15, 2021 at the same monthly rental rate, under the same terms and conditions (see Notes 12 and 22).

   The future minimum rental income from BPO as at December 31, 2020 and 2019 are as follows:

	2020	2019
Within one year	**P117,701**	P1,412,410
After one year but not more than 5 years	**-**	117,701
	P117,701	P1,530,111

b. The Group has an existing agreement with BPO to engage in providing payroll processing services to employees of the Group, which shall be payable on demand upon provision of the service and billed based on fixed rate per number of employees.

c. Amounts owed by related parties pertains to reimbursements for expenses paid by the Group.

The outstanding related party transactions are expected to be settled in cash.

Movements of due from related parties, net of expected credit losses, are as follows:

	2020	2019
Receivables from related party	**P189,321,032**	P189,185,737
Dividends receivables	**21,403,309**	16,885,116
	210,724,341	206,070,853
Allowance for expected credit losses	**(188,659,942)**	(188,659,942)
	P22,064,399	P17,410,911

Allowance for impairment loss is mainly attributable to advances to MUDC, among others (see Note 8).

Compensation of the key management personnel is as follows:

	2020	2019	2018
Salaries and wages	**P8,493,141**	P8,493,141	P8,493,141
Other benefits	**1,415,524**	1,415,524	1,466,732
	P9,908,665	P9,908,665	P9,959,873

Below are the balances and transactions among related parties which are eliminated in the consolidated financial statements as at December 31, 2020 and 2019, respectively.

Amounts Owed by	Amounts Owed to	2020	2019
MCHC	Parent Company	P -	P14,155,343

The balance pertains to dividends declared by MCHC in 2019 which were paid subsequently in 2020.

Dividends Declared by	Dividend Income of	2020	2019
Parent Company	PIEI	**P5,028,011**	P10,044,821
Parent Company	MCHC	**4,784,402**	9,568,804
MCHC	Parent Company	-	14,155,341
		P9,812,413	P33,768,966

The transactions pertain to dividend declarations of the Parent Company and MCHC in 2020 and 2019.

20. Earnings Per Share

The following table presents information necessary to compute the basic/dilutive EPS:

	2020	2019	2018
Net income attributable to equity holders of the parent	**P43,024,955**	P32,205,281	P12,088,289
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**383,721,537**	383,959,910	384,033,808
Basic and diluted earnings per share attributable to equity holders of the parent	**P0.11**	P0.08	P0.03

The Group has no potential dilutive instruments issued as of December 31, 2020, 2019 and 2018. Hence, diluted EPS is the same as basic EPS.

21. Segment Information

The primary purpose of the Group is to invest in real and personal properties. The Group operates mainly in one reportable business segment which is investing and one reportable geographical segment which is the Philippines.

22. Commitments and Contingencies

a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to P23.3 million, P25.1 million and P23.2 million in 2020, 2019 and 2018, respectively (see Note 12). The lease agreements have terms of one to three years and can be renewed upon the written agreement of the Group and the lessees. Deposit payable made by the tenants amounting to P6.0 million and P9.8 million as at December 31, 2020 and 2019, respectively, will be returned to the lessees after the lease term. The future minimum rental income as at December 31, 2020 and 2019 are as follows:

	2020	2019
Within one year	**P15,590,690**	P18,499,303
After one year but not more than two years	**11,782,308**	11,973,949
After two years but not more than three years	-	8,966,058
	P27,372,998	P39,439,310

b. As at December 31, 2020 and 2019, the Group recognized provision for legal obligation amounting to P5.0 million, for claims arising from lawsuit filed by a third party, which is awaiting decision by the courts. Probable cost has been estimated in consultation with the Group's legal counsel. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have material adverse impact on the Group's consolidated financial position and results of operations.

23. Financial Risk Management Objectives and Policies

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to máke relevant decisions.

Financial Risk Management Objectives and Policies

The principal financial instruments of the Group consist of cash and cash equivalents and investments in equity and debt securities. The main purpose of these financial instruments is to place excess cash in income-earning investments. The Group has various other financial assets and liabilities such as receivables, due from related parties, accounts payable and accrued expenses and dividends payable which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (i.e., interest rate risk, foreign currency risk and equity price risk). The Group's management reviews and approves policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

The magnitudes of these risks that have arisen over the year are discussed below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.

The Group is exposed to credit risk primarily because of its investing and operating activities.

The Group is exposed to credit risk arising from the counterparties (i.e., foreign currency denominated debt instruments, short-term investments, fixed income deposit and receivables) to its financial assets.

Credit Risk Management
In managing credit risk on these investments, capital preservation is paramount. The Group trades only with recognized and creditworthy third parties. For investments in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investments in equity securities represent investments in companies with good dividend track record, as well as capital appreciation. The investment portfolio mix between debt and equity is reviewed regularly by the Group's President and Treasurer.

With respect to credit risk arising from other financial assets of the Group, which consist of cash and cash equivalents, receivables and due from related parties, the Group's President and Treasurer monitor these financial assets on an ongoing basis with the result that the Group's exposure to impairment losses is not significant.

Credit Risk Exposures
At reporting date, the Group's maximum exposure to credit risk is equal to the carrying amount of cash and cash equivalents, receivables, due from related parties, financial assets at FVTPL and FVOCI financial assets recognized in the consolidated statement of financial position. The Group's financial assets are not covered by collateral from counterparties.

Credit Risk Concentration Profile
The Group has no significant concentrations of credit risk.

Credit Quality.
As at December 31, 2020 and 2019, the credit qualities per class of financial assets are as follows:

	Neither Past Due nor Impaired				
2020	High Grade	Standard Grade	Past Due but not Impaired	Individually Impaired	Total
Financial assets at amortized cost:					
Cash and cash equivalents*	P523,527,241	P -	P -	P -	P523,527,241
Convertible notes receivable	-	42,121,200	-	-	42,121,200
Receivables	8,722,055	-	-	961,368	9,683,423
Due from related parties	22,064,399	-	-	188,659,942	210,724,341
Financial assets at FVOCI	187,989,031	-	-	3,127,676	191,116,707
	P742,302,726	P42,121,200	P -	P192,748,986	P977,172,912

Excluding cash on hand

	Neither Past Due nor Impaired				
2019	High Grade	Standard Grade	Past Due but not Impaired	Individually Impaired	Total
Financial assets at amortized cost:					
Cash and cash equivalents*	P582,240,670	P -	P -	P -	P582,240,670
Receivables	5,906,570	-	-	961,368	6,867,938
Due from related parties	17,410,911	-	-	188,659,942	206,070,853
Financial assets at FVOCI	232,793,473	-	-	3,127,676	235,921,149
	P838,351,624	P -	P -	P192,748,986	P1,031,100,610

Excluding cash on hand

High Grade Financial Assets
High grade receivables pertain to due from related parties and customers with good payment history. These receivables are considered to be of good quality and expected to be collectible without incurring any credit losses. Other high grade financial assets reflect the investment grade quality of the investments and/or counterparty and realizability is thus assured.

Standard Grade Financial Assets
Receivables from customers who settle their obligations with tolerable delays are classified under standard grade. Other standard grade financial assets are considered moderately realizable. Convertible notes receivable are classified as standard grade financial assets as of December 31, 2020.

Impairment Assessment
The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group determines allowance for each significant receivable on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are nonmoving accounts receivable, accounts of defaulted companies and accounts from closed companies.

In 2020 and 2019, the Group applies a general approach in calculating ECL. The Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date.

The Group has the following financial assets that are subject to the ECL model:

- *Cash and Cash Equivalents.* As of December 31, 2020, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.

- *Receivables.* As of December 31, 2020, the ECL relating to receivables of the Group is minimal as these mainly pertain to interest and dividends receivables and have low credit risk.

- *Due from Related Parties.* The ECL for amounts due from related parties as of December 31, 2020 pertain to the accounts of defaulted companies and accounts from closed companies.

- *Debt Instruments Measured at FVOCI.* The Group recognized allowance relating to one debt instrument due to the sudden drop of its fair value in 2015. No other impairment loss was recognized. The probability of default and loss given default of each debt instrument were obtained from Bloomberg.

- *Convertible Notes Receivable.* There is no ECL recognized for the Group's convertible notes receivable for the year ended December 31, 2020.

There has been no significant increase in credit risk in any of the Group's financial assets as at December 31, 2020 and 2019.

Liquidity Risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due and this is done by primarily investing in highly liquid investments and maintaining a significant amount of cash and cash equivalents and pre-terminable investments in its portfolio.

The following table summarizes the maturity profile of the Group's financial liabilities as of December 31, 2020 and 2019 based on contractual undiscounted cash flows. The table also analyzes the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

2020	On Demand	Within 1 Year	More than 1 Year	Total
Financial Assets				
Cash and cash equivalents	P123,529,916	P399,997,325	P -	P523,527,241
Receivables	-	8,722,055	-	8,722,055
Due from related parties	22,064,399	-	-	22,064,399
Financial assets at FVTPL	161,006,477	-	-	161,006,477
Financial assets at FVOCI	-	582,302	350,059,907	350,642,209
Convertible notes receivable	-	-	42,121,200	42,121,200
Investment in rights issue subscription	-	-	19,214,400	19,214,400
Total Financial Assets	306,600,792	409,301,682	411,395,507	1,127,297,981
Financial Liabilities				
Accounts payable and accrued expenses*	-	5,125,324	-	5,125,324
Dividends payable	-	6,827,293	-	6,827,293
Total Financial Liabilities	-	11,952,617	-	11,952,617
Net Financial Assets	P306,600,792	P397,349,065	P411,395,507	P1,115,345,364

**Excluding payables to the government*

2019	On Demand	Within 1 year	More than 1 Year	Total
Financial Assets				
Cash and cash equivalents	P34,519,227	P547,733,443	P -	P582,252,670
Receivables	63,762	5,842,808	-	5,906,570
Due from related parties	17,410,911	-	-	17,410,911
Financial assets at FVTPL	248,646,828	-	-	248,646,828
Financial assets at FVOCI	-	582,302	299,930,551	300,512,853
Total Financial Assets	300,640,728	554,158,553	299,930,551	1,154,729,832
Financial Liabilities				
Accounts payable and accrued expenses*	-	9,049,376	-	9,049,376
Dividends payable	-	6,235,209	-	6,235,209
Total Financial Liabilities	-	15,284,585	-	15,284,585
Net Financial Assets	P300,640,728	P538,873,968	P299,930,551	P1,139,445,247

**Excluding payables to the government*

Market Risks
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

a. Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group derives majority of its revenue from interest-bearing placements and bonds. Accordingly, the Group is subject to financial risk arising from changes in interest rates. The Group manages interest rate risk by investing mainly on fixed coupon bonds and other investments. By doing so, the Group is assured of future interest revenues from such investments.

Since the Group invests on fixed coupon interest bonds and other investments, the Group is not exposed significantly to cash flow interest rate risk.

The following table demonstrates management's best estimate of the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax due to changes in fair values of FVOCI financial assets in debt securities (see Note 9):

	2020	2019
Change in interest rate (percentage):		
+10%	**P19,116,454**	P23,592,115
-10%	**(19,116,454)**	(23,592,115)

There is no other impact on equity other than those already affecting the income before income tax in profit or loss.

b. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign currencies.

In the normal course of business, the Group enters into transactions denominated in USD and other foreign currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign-currency-denominated assets.

Information on the Group's foreign currency-denominated monetary assets and their Philippine peso equivalent as of December 31 are as follows:

		2020			2019		
	Currency	Exchange Rate	Original Currency	Peso Equivalent	Exchange Rate	Original Currency	Peso Equivalent
Cash	USD	48.02	2,457,653	118,016,485	50.64	7,926,013	401,333,668
	EUR	58.69	113,202	6,643,799	56.35	560	31,557
	HKD	6.19	-	-	6.52	59,919	390,446
	JPY	0.46	-	-	0.46	44,714	20,698
Receivables	USD	48.02	61,763	2,965,857	50.64	69,180	3,502,920
	SGD	36.12	-	-	37.49	-	-
Financial assets at FVTPL	USD	48.02	1,539,220	73,913,368	50.64	2,848,468	144,247,353
	HKD	6.19	5,312,811	32,886,299	6.52	3,231,830	21,059,251
	EUR	58.69	192,720	11,310,737	56.35	253,747	14,298,948
	SGD	36.12	115,500	4,171,860	37.49	168,500	6,317,217
	JPY	0.46	-	-	0.46	11,414,400	5,283,726
	CNY	7.35	-	-	7.25	309,580	2,244,826
Financial assets at FVOCI	USD	48.02	7,331,393	352,053,512	50.64	13,870,597	702,407,012
	HKD	6.19	16,591,680	102,702,502	6.52	2,678,886	17,456,157
	NTD	1.71	-	-	1.69	7,581,600	12,786,368

The Group has no foreign currency-denominated monetary liabilities as of December 31, 2020 and 2019.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates based on past foreign currencies exchange rates and macroeconomic forecasts for 2020 and 2019, with all other variables held constant, of the Group's 2020 and 2019 income before income tax.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the following percentage change in foreign currency rates:

2020

		Effect on Income before Tax	
Original Currency	**Percentage**	**Strengthened**	**Weakened**
USD	5%	P27,347,461	(P27,347,461)
Hong Kong Dollar (HKD)	5%	1,095,225	(1,095,225)
E.M.U. euro (EUR)	5%	897,727	(897,727)
Singapore Dollar	5%	208,593	(208,593)

2019

		Effect on Income before Tax	
Original Currency	Percentage	Strengthened	Weakened
USD	5%	P39,761,818	(P39,761,818)
Hong Kong Dollar (HKD)	5%	1,945,293	(1,945,293)
Taiwan Dollar	5%	1,662,083	(1,662,083)
E.M.U. euro (EUR)	5%	716,525	(716,525)
Singapore Dollar	5%	315,861	(315,861)
Chinese Yuan	5%	112,241	(112,241)
Japanese Yen	5%	265,221	(265,221)

There is no other impact on the Group's equity other than those already affecting the consolidated statement of income.

c. Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Group's financial assets at FVTPL and financial assets at FVOCI. For investments in Philippine equities, majority of funds are invested in equities listed in the PSE.

The Group measures the sensitivity of its equity securities by using PSE, NYSE and HKEx indices fluctuations and its effect to respective share prices.

The following table demonstrates the sensitivity to a reasonably possible change in the equity price based on past price performance and macroeconomic forecast for 2020 and 2019, with all other variables held constant, of the Group's income before income tax and equity:

Effect on Income before Income Tax

	2020	2019
Financial Assets at FVTPL		
Change in stock market index (%):		
+10%	**P16,100,648**	P24,864,683
-10%	**(16,100,648)**	(24,864,683)

There is no other impact on the Group's equity other than those already affecting the income before income tax.

Effect on Equity

	2020	2019
Investment in Equity Securities (financial assets at FVOCI)		
Change in club share prices (%):		
+10%	**P11,127,719**	P9,699,262
-10%	**(11,127,719)**	(9,699,262)

24. Fair Value of Financial Instruments

Fair values of financial assets at FVTPL and quoted financial assets at FVOCI are based on price quotations as at December 31, 2020 and 2019.

The following tables show the Group's fair value measurement hierarchy of its financial assets at FVTPL and FVOCI. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets at FVTPL	P161,006,477	P161,006,477	P -	P -	P161,006,477
Financial assets at FVOCI:					
Quoted debt securities	191,116,707	191,116,707	-	-	191,116,707
Quoted equity securities	45,465,325	45,465,325	-	-	45,465,325
Unquoted equity securities	114,050,277	-	114,050,277	-	114,050,277
Investment in rights issue subscription	19,214,400	-	-	19,214,400	19,214,400
	P530,853,186	P397,588,509	P114,050,277	P19,214,400	P530,853,186

			2019		
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets at FVTPL	P248,646,828	P248,646,828	P -	P -	P248,646,828
Financial assets at FVOCI:					
Quoted debt securities	235,921,149	235,921,149	-	-	235,921,149
Quoted equity securities	58,075,827	58,075,827	-	-	58,075,827
Unquoted equity securities	6,515,877	-	6,515,877	-	6,515,877
	P549,159,681	P542,643,804	P6,515,877	P -	P549,159,681

As at December 31, 2020, the Group's financial assets include equity securities and investment in rights issue subscription, which are classified under Level 2 and 3, respectively.

The fair values of unquoted equity securities have been determined by reference to the share prices of listed entities in similar industries and capital balances of underlying funds. The probabilities of the various estimates within the range are used in management's estimate of fair value for these non-listed equity investments.

Investments in rights issue subscription are valued based on the recently transacted price which is deemed the fair value. The recent transacted price has been concluded to best represent the fair value on the basis that there have been no significant changes between the transaction date and the balance sheet date (see Note 13).

As at December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements. Also, there were no transfers into and out of Level 3 fair value measurements.

25. Capital Management

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

The Group manages its capital structure, which pertains to its equity, and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

The total core capital considered by the Group as of December 31, 2020 and 2019 are as follows:

	2020	2019
Common stock	**P481,827,653**	P481,827,653
Additional paid-in capital	**144,759,977**	144,759,977
Retained earnings	**1,190,632,669**	1,185,978,066
Treasury shares	**(102,094,826)**	(101,969,326)
	P1,715,125,473	P1,710,596,370

26. Changes in Liabilities Arising from Financing Activities

The following shows the changes in the Group's liabilities arising from its financing activities in 2020 and 2019:

	Note	As at January 1, 2020	Cash Flows	Dividend Declaration	As at December 31, 2020
Dividends payable	*18*	P6,235,209	(P37,778,268)	P38,370,352	P6,827,293

	Note	As at January 1, 2019	Cash Flows	Dividend Declaration	As at December 31, 2019
Dividends payable	*18*	P5,139,021	(P75,655,719)	P76,751,907	P6,235,209

27. Events After the Reporting Date

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Group:

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

b) MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

d) Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior Bureau of Internal Revenue (BIR) ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.

On April 8, 2021, the BIR issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR Revenue Regulations (RR) No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by RA No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Internal Revenue Code (NIRC) of 1997, as Amended, Relative to the Final Tax on Certain Passive Income.

- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of RA No. 11534 or the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended.

- BIR RR No. 4-2021, Implementing the Provisions on VAT and Percentage Tax Under RA No. 11534 or the CREATE Act Which Further Amended the NIRC of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended

- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant RA No. 11534 or the CREATE Act, Which Further Amended the NIRC of 1997.

The enactment of the CREATE Act is a non-adjusting subsequent event thus, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates as at December 31, 2020.

Following the issuance of RR No. 5-2021, the corporate income tax of the Parent Company and subsidiaries will be lowered from 30% to 25% or 20%, depending on their taxable income, effective July 1, 2020.

Presented below is the estimated effect of changes in tax rates under the CREATE Act.

	As at and for the Year Ended December 31, 2020	Effect of Changes in Tax Rates	Amounts Based on the Reduced Tax Rates
Statement of Income			
Current income tax expense	**P5,786,750**	**(P268,329)**	**P5,518,421**
Deferred tax expense (benefit)	**(3,125,469)**	**486,801**	**(2,638,668)**
Net income for the year	**43,427,088**	**(218,472)**	**43,208,616**
Statement of Financial Position			
Prepayments and other current assets	**35,741,882**	**268,329**	**36,010,211**
Deferred income tax asset - net	**14,026,106**	**(367,183)**	**13,658,923**
Statement of Changes in Equity			
Cumulative actuarial losses on retirement benefit obligation	**667,428**	**(119,618)**	**547,810**

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

December 31, 2020

Page No.

Consolidated Financial Statements

Supplementary Schedules

Reconciliation of Retained Earnings Available for Dividend Declaration

Conglomerate Map

Schedule of Financial Soundness Indicators

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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, Citibank Center
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of F & J Prince Holdings Corporation (the "Company") and its Subsidiaries (collectively known as the "Group") as at and for the year ended December 31, 2020, included in this Form 17-A, and have issued our report thereon dated May 31, 2021.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

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

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-AR-2, Group A, valid until July 9, 2021
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-026-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8533892
Issued January 4, 2021 at Makati City

May 31, 2021
Makati City, Metro Manila

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2020

Schedule A. Financial Assets

Financial Assets at FVTPL

Name of Issuing Entity and Association of Each Issue	Number of Shares Held or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position*	Income Received and Accrued
Alibaba Group Holdings Corporation	6,000	P8,643,648	P -
Ayala Corporation - Class A	4,078	3,372,506	31,034
Ayala Land	144,000	5,889,600	39,276
Berkshire Hathaway Inc.	3,250	36,198,849	-
Dongfeng Motor Group Corporation Ltd.	50,000	2,799,462	108,505
DuPont de Nemours	1,800	6,148,512	19,462
Sanofi S.A	1,000	4,618,934	125,124
Industrial and Commercial Bank of China	180,000	5,607,595	-
Anheuser-Busch Inbev SA/NV	2,000	6,691,879	39,786
China Overseas Land and Investment Ltd.	118,000	12,321,844	95,674
China Construction Bank	46,000	1,677,796	113,095
Bank of China Ltd.	105,000	1,560,086	125,205
The TJX Companies Inc.	1,334	8,755,511	-
General Motors Co.	3,199	6,398,700	46,693
Rockwell	11,707	17,912	-
Rockwell Land Corporation	16,909	25,871	-
Ping An Insurance	9,500	5,589,634	48,053
Singapore Telecommunications Limited	50,000	4,171,860	224,318
Cebu Holdings	9,375	51,486	-
Facebook Inc. Registered SHS	1,000	13,121,514	-
PEPSICO Inc. Cap.	465	3,312,538	69,099
San Miguel Corporation "B"	7,759	1,595,392	15,400
San Miguel Corporation "A"	1,464	1,567,080	7,842
Top Frontier Investment Holdings	448	62,406	-
Manila Electric Company	4,154	3,138,017	215,936
Benguet Corp. B	2,109	6,327	-
Oriental Petroleum B	1,260,888,642	15,130,664	630,444
Philex Mining - A	335,323	1,659,849	-
Philex Petroleum	41,915	461,065	-
ABS - CBN Broadcasting Corporation	12,000	140,160	-
Aboitiz Equity Ventures	3,120	146,952	8,112
Petron Corporation	30,939	122,828	6,188
Total		**P161,006,477**	**P1,969,246**

**Amounts are based on the fair value of the instruments as of the reporting period.*

Financial Assets at FVOCI

Name of Issuing Entity and Association of Each Issue	Number of Shares Held or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position*	Income Received and Accrued
Venezuela GLB	100,000	P582,302	P -
Country Gardens	7,906,550	13,920,312	965,170
Petrobas GBL	200,000	9,446,114	686,764
Eletrobras	200,000	9,150,974	772,012
Turkceli	250,000	11,804,898	973,749
Republic of Portugal	200,000	10,253,486	662,899
Petroleos Mexicanos	200,000	9,273,887	732,545
Theta Capital PTE	500,000	20,850,474	2,237,106
ABJA Investment	400,000	18,402,514	1,663,617
Orazul Energy	200,000	9,286,858	744,377
VM Holdings	200,000	9,849,364	716,070
Greenko Investment	200,000	17,938,414	719,855
Greenland Global	200,000	8,029,492	95,222
GLB Bonds	13,248,675	11,040,552	153,372
NBM US Holdings	200,000	10,103,043	881,238
Cheung Kong Property Holdings	20,520	4,646,622	349,202
Xen Global Diversified Growth Funds SPC Ltd.	101,200	98,763,683	-
Hutchison Holdings Ltd	20,520	6,316,138	529,168
Tagaytay Midlands	1	863,332	-
Balesin Island	1	5,969,847	-
Aslan Pharmaceuticals	2,443,588	37,467,777	-
RP Bonds	8,000,000	10,338,663	887,640
MRFG	9,962,800	5,119,470	459,997
Calata Corporation	560,000	1,064,653	-
Ayala Land Inc.	14,400	8,970	-
Ayala Corporation	2,110	1,964	-
PLDT	4,000	4,000	-
Others		10,144,406	-
Total		**P350,642,209**	**P14,230,003**

****Amounts are based on the fair value of the instruments as of the reporting period.***

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2020

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

Name and designation of debtor	Beginning Balances	Additions	Amounts Collected	Amounts Written off	Current	Noncurrent	Ending Balances
Advances to Officers and Employees	P63,762	P -	P21,000	P –	P42,762	P –	P42,762

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2020

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

Name and designation of debtor	Beginning Balances	Additions	Amounts Collected	Amounts Written off	Current	Noncurrent	Balance at End of Period
MCHC	P14,155,343	P -	(P14,155,343)	P -	P -	P -	P -

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-E
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2020

Schedule D. Long-term Debt

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption 'Current Position of Long term Debt' in Related Statement of Financial Position	Amount Shown under Caption 'Long Term Debt' in Related Statement of Financial Position
	- Not applicable -		

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2020

Schedule E. Indebtedness to Related Parties

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
	- Not applicable -	

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2020

Schedule F. Guarantees of Securities of Other Issuers

Name of Issuing Entity of Securities Guaranteed by the Group for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by a Person for which Statement is Filed	Nature of Guarantee
		- Not applicable -		

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2020

Schedule G. Capital Stock

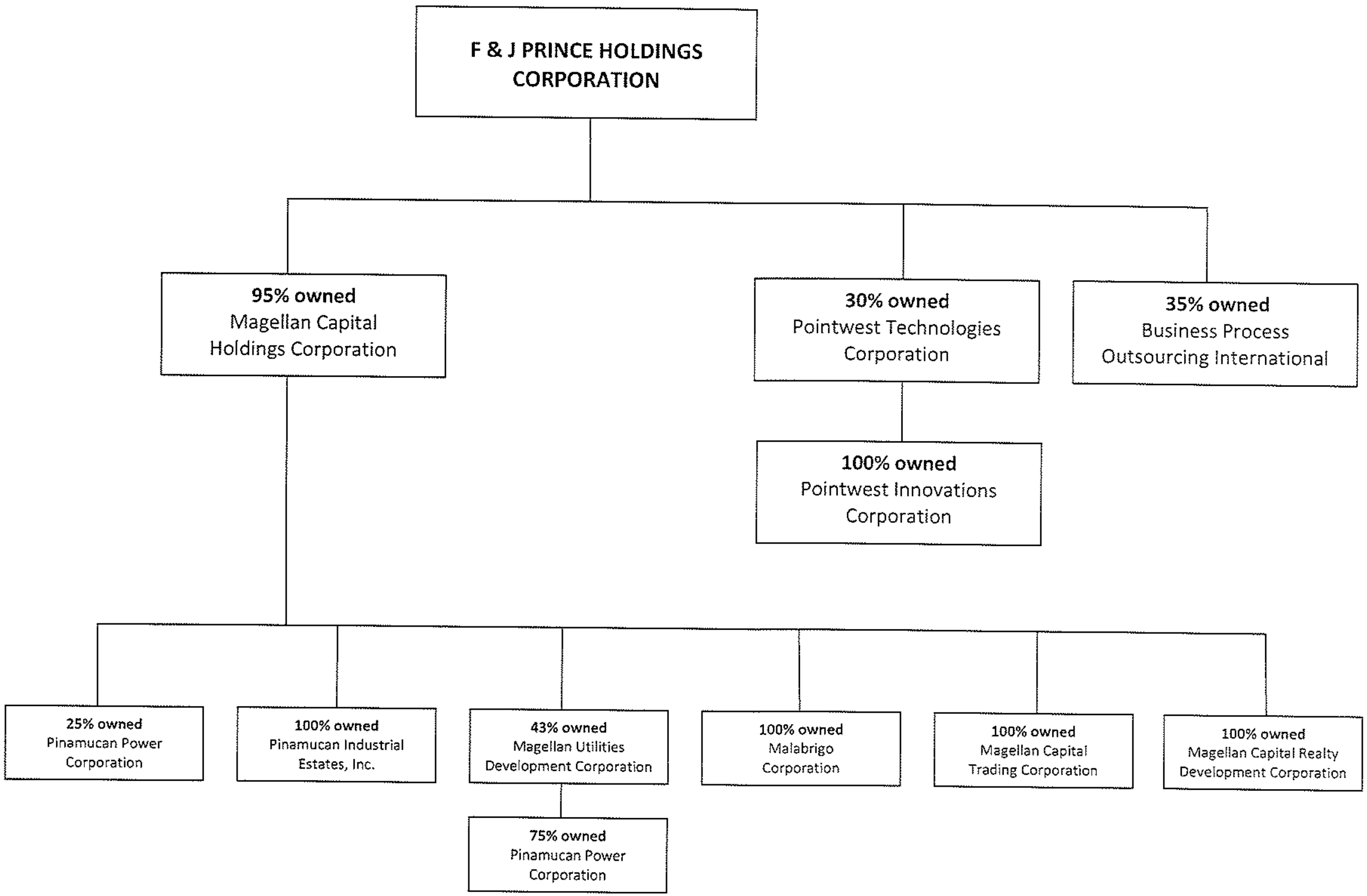
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees
Class "A"	600,000,000	232,285,970	-	60,323,408	38,145,895
Class "B"	400,000,000	151,417,556	-	37,799,979	180,392

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As at DECEMBER 31, 2020

Unappropriated Retained Earnings, beginning		P207,971,790
Net income based on the face of AFS	P17,716,733	
Less: Non-actual/unrealized income net of tax		
Share in net profit of associates	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	
Unrealized actuarial gain	-	
Deferred tax benefit charged to profit or loss	(78,026)	
Fair value adjustments (M2M gains)	(1,256,866)	
Fair value adjustments of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Add: Non-actual losses		
Deferred tax expense charged to profit or loss	-	
Depreciation on revaluation increment (after tax)	-	
Unrealized foreign exchange loss - net (except those attributable to Cash and Cash Equivalents)	1,741,000	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actual/realized		**18,122,841**
Less: Dividends declared during the year		**(48,182,765)**
Unappropriated Retained Earnings, as adjusted, ending		**P177,911,866**

CONGLOMERATE MAP OF

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES



KPMG

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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, Citibank Center
8741 Paseo de Roxas, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of F & J Prince Holdings Corporation and Subsidiaries (the "Group") as at and for the year ended December 31, 2020, and have issued our report thereon dated May 31, 2021.

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

KPMG

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the consolidated financial statements as at and for the year ended December 31, 2020 and no material exceptions were noted.

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-AR-2, Group A, valid until July 9, 2021
Tax Identification No. 131-029-752
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PTR No. MKT 8533892
Issued January 4, 2021 at Makati City

May 31, 2021
Makati City, Metro Manila

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	Years Ended December 31 2020	2019
Current ratio	Total current assets over total current liabilities Total current assets P751,656,356 Divided by: Total current liabilities 18,624,506 **Current ratio** **40.36**	**40.36**	29.03
Solvency ratio	Profit plus depreciation and amortization over total liabilities Net Profit P43,427,088 Add: Depreciation and amortization 10,132,669 Total 53,559,757 Divide: Total liabilities 37,957,707 **Solvency ratio** **1.41**	**1.41**	0.85
Debt-to-equity ratio	Total liabilities over total equity Total Debt P37,957,707 Total Equity 1,835,667,541 **Debt to equity ratio** **0.02**	**0.02**	0.03
Asset-to-equity ratio	Total assets over total equity Total assets P1,873,625,248 Total equity 1,835,667,541 **Asset to equity ratio** **1.02**	**1.02**	1.03
Operating profit margin	Operating profit over revenues and income Operating profit P46,088,369 Divided by: Revenues and income 111,845,233 **Operating profit margin** **0.41**	**0.41**	0.42
Net profit margin	Net profit over revenues and income Net profit P43,427,088 Divided by: Revenues and income 111,845,233 **Net profit margin** **0.39**	**0.39**	0.33

F & J Prince Holdings Corporation

2021
FIRST QUARTER

UNAUDITED FINANCIAL REPORT

COVER SHEET

4 3 3 7 0

SEC Registration Number

F & J PRINCE

HOLDINGS CORPORATION

(Company's Full Name)

5TH FLOOR CITIBANK CENTER

8741 PÁSEO DE ROXAS MAKATI

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

Atty. Fina Bernadette D.C. Tantuico

Contact Person

88927133 · 88927137

Company Telephone Numbers

1 2	3 1
Month	Day

Fiscal Year

0 4	1 2
Month	Day

Annual Meeting

SEC FORM 17-Q
(As of March 31, 2021)

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.1(1) (A) (ii) THEREUNDER

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. 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 AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **31 March 2021**

2. SEC Identification Number **43370** 3. BIR Tax Identification No. **000-829-097**

4. *F & J Prince Holdings Corporation*
Exact name of registrant as specified in its charter

5. **Philippines**
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **5th Floor, Citibank Center Building 8741 Paseo de Roxas, Makati City** **1226**
Address of principal office Postal Code

8. **(632) 8892-7133**
Registrant's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

TITLE OF CLASS	NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AND AMOUNT OF DEBT OUTSTANDING
Class "A" Common	**292,610,118 Shares**
Class "B" Common	**189,217,535 Shares**

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

Yes [✓] No [ ]

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

Philippine Stock Exchange **Common Shares, Class "A" and "B"**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and RSA Rule 17(2)-(b) 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 [✓] No [ ]

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

Yes [✓] No [ ]

PART I
FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

The following financial statements, presented in a comparative format, are submitted:

(1) Unaudited Interim Balance Sheet as of 31 March 2021 and Audited Balance Sheet as of 31 December 2020 as Annex "A";

(2) Unaudited Interim Statement of Income and Retained Earnings for the three (3) month period ending 31 March 2021 and the three (3) month period ending 31 March 2020 as Annex "B";

(3) Unaudited Interim Statement of Changes in Stockholders' Equity for the three (3) months period ending 31 March 2021 and 31 March 2020 and Audited Statement of Changes in Stockholders' Equity for the year ending 31 December 2020 as Annex "C";

(4) Unaudited Interim Consolidated Cash Flow Statement for the three (3) month period ending 31 March 2021 and the three (3) month period ending 31 March 2020 as Annex "D";

(5) Interim Cash Flow for the quarterly periods ending 30 June 2020 and 30 September 2020 Audited Cash Flow Statement for the year ended 31 December 2020 as Annex "E"; and

(6) Consolidated Balance Sheet as of 31 March 2021 and 31 December 2020 with vertical and horizontal percentage analysis as Annex "F".

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(1) Management's Discussion and Analysis

The Registrant's consolidated revenue in 2020 increased to ₱111.8 million from ₱103.3 million in 2019. Equity in net earnings of associates improved to ₱32.1 million in 2020 from ₱5.3 million in 2019 as Pointwest generated a profit of $1.5 million in 2020 after reporting losses in 2019 and 2018 due to the loss of a major account and revenue reduction from another major account. At the same time, Business Process Outsourcing International (BPOI), the Registrant's other associate showed lower earnings of ₱26.3 million in 2020 from ₱62.8 million in 2019 due mainly to higher expenses caused by the Covid-Pandemic. Interest income decreased to ₱21.2 million in 2020 from ₱36.3 million in 2019 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange loss of ₱28.2 million was recorded in 2020 versus a loss of ₱22.8 million in 2019 as the Peso improved against foreign currencies which penalized the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent decreased slightly from ₱25.1 million in 2019 to ₱23.3 million in 2020 due to higher vacancy. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱21.9 million was recorded in 2020 versus P3,435 in 2019. Dividend income decreased to ₱3.7 million in 2020 from ₱4.9 million in 2019. Fair value gain on Financial Assets at FVPL was ₱1.3 million in 2020 compared to ₱27.7 million in 2019 as prices of listed securities improved slightly in 2020.

Total consolidated expenses of the Registrant increased to ₱65.8 million in 2020 compared to ₱59.6 million in 2019 due mainly to higher foreign exchange losses.

As a result of the above, total consolidated income before tax in 2020 totaled ₱46.1 million compared to ₱43.7 million in 2019. After provision for income tax, total consolidated net income after tax totaled ₱43.4 million in 2020 compared to ₱33.6 million in 2019.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled ₱0.4 million in 2020 compared to ₱1.4 million in 2019.

Net income attributable to equity holders of the Registrant totaled ₱43.0 million in 2020 compared to ₱32.2 million in 2019.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2020, the Registrant's consolidated cash and cash equivalent totaled over ₱523.5 million compared to ₱582.3 million as of December 31, 2019. The

Registrant and its subsidiary are planning to undertake development of MCHC's land in Fort Bonifacio into an office building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱38 million at year-end 2020 compared to ₱51.7 million at year-end 2019. Total equity amounted to ₱1.9 billion as of the end of 2020 substantially the same level as at the end of 2019.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2020 totaled ₱523.5 million compared to ₱582.3 million at the end of 2019 while total current assets totaled ₱751.7 million at year-end 2020 compared to ₱888.1 billion at year-end 2019. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(a) Operating Results and Financial Condition for the First Quarter of 2021

(i) There are no known trends, demands, events or uncertainties that would have a material effect on the Issuer's liquidity.

(ii) There are no known or anticipated events that would trigger direct or contingent financial obligation that is material to the Company including any default or acceleration of any obligation.

(iii) There are no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the Company with unconsolidated entities or other persons created during first quarter of 2021 or in prior periods.

(iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary.

(v) There are no trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable impact on net revenues/income from continuing operations except for possible unrealized or realized foreign exchange gains from the dollar denominated investments of the Company and its majority owned subsidiary and unrealized gains on trading securities and equity in net earnings of associates. These are generally recognized in the year-end Audited Financial Statements except for realized foreign exchange gain which are reported in the period realized.

(vi) The Company did not realize any non-operating income in the first quarter of 2021 or in the first quarter of 2020 aside from unrealized gain on trading securities, gain on disposal of AFS/HTM investments and net unrealized foreign exchange gains.

The following is a detailed discussion of the Registrant's operations and financial condition during the first quarter of 2021 and first quarter of 2020.

Operating Results

Breakdown of Revenue for the Three-Month Periods Ending March 31, 2021 and March 31, 2020 with Vertical and Horizontal Percentage Analysis is shown below:

(₱000)	FIRST QUARTER March 31, 2021	VERTICAL PERCENTAGE ANALYSIS March 31, 2021	FIRST QUARTER March 31, 2020	VERTICAL PERCENTAGE ANALYSIS March 31, 2020	INCREASE (DECREASE) AMOUNT March 31, 2021	INCREASE (DECREASE) PERCENTAGE March 31, 2021
INTEREST INCOME						
From Banks	₱ 579	1.4%	₱ 2,379	19.1%	₱ (1,800)	(75.7%)
From Securities	2,233	5.3%	3,113	24.8%	(880)	(28.3%)
TOTAL	**2,812**	**6.7%**	**5,492**	**43.8%**	**(2,680)**	**(48.7%)**
Dividend Income	155	0.4%	313	2.5%	(158)	(50.5%)
Rent Income	5,147	12.3%	6,728	53.7%	(1,581)	(23.5)%
Unrealized Gain on Trading Securities	33,683	80.6%	-	-	33,683	100%
TOTAL	**₱ 41,797**	**100%**	**₱ 12,534**	**100%**	**₱ 29,263**	**233.5%**

Revenues. Consolidated Revenues, during the 3-month period ended March 31, 2021, totaled ₱41.8 million compared to ₱12.5 million during the same 3-month period in 2020. The unrealized gain on trading securities of ₱33.7 million, accounted for the bulk of the increase.

Expenses. Consolidated General and Administrative Expenses in the first quarter of 2021 totaled ₱8.3 million compared to ₱47.8 million in the first quarter of 2020. Unrealized loss on financial assets at FVPL of ₱39.5 million accounted for the bulk of the 2019 expenses as global stock and bond markets were hit hard by the global COVID-19 pandemic, but most of this was recovered this year as unrealized gain on trading securities accounted for the bulk of the increase in revenues in the first quarter of 2021.

Operating Income. As a result of the factors discussed above, consolidated operating income in first quarter 2021 totaled ₱33.5 million compared to net loss of ₱35.3 million in the same period of 2020.

Net Income. The Registrant had a net income of ₱33.5 million during the first quarter of 2021 compared to net loss of ₱35.3 million in the first quarter of 2020.

The net income in the first quarter of 2021 attributable to shareholders of the Company totaled ₱31.8 million while ₱1.7 million in net income was attributable to minority shareholders in the company's majority owned subsidiary Magellan Capital Holdings Corporation. In the first quarter of 2020, ₱33.8 million net loss was attributable to shareholders of the company and ₱1.5 million net loss was attributable to minority shareholders in the Registrant's subsidiary.

BALANCE SHEET ACCOUNTS

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for March 31, 2021 compared to December 31, 2020.

ASSETS

Current Assets. Consolidated current assets as of March 31, 2021 totaled ₱741.7 million compared to ₱751.7 million as of December 31, 2020. Most of the decrease was due to decrease in cash and cash equivalents.

Receivables from Related Parties. This account was ₱0.5 million at March 31, 2021, versus ₱0.6 million at year-end 2020.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained unchanged from year-end 2020 to March 31, 2021 at ₱278.9 million as equity in net earnings of associates is taken up at year-end.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of corporate bonds and listed equities totaled ₱375.2 million as of March 31, 2021 from ₱350.1 million at year-end 2020.

Property and Equipment. This account totaled ₱5.7 million as of March 31, 2021 compared to ₱6.0 million as of December 31, 2020 due to allowance for depreciation.

Investment in Property. This account totaled to ₱380.3 million as of March 31, 2021 from ₱382.5 million at year-end 2020 due to additional allowance for depreciation.

Other Non-Current Assets. This account totaled ₱70.0 million as of March 31, 2021, compared to ₱48.3 million at year-end 2020.

Total Assets. As a result of the foregoing, total assets increased to ₱1,907.9 million as of March 31, 2021 from ₱1,873.6 million as of December 31, 2020.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities was at ₱20.3 million as of March 31, 2021 compared to ₱18.6 million at year-end 2020.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation was stable at ₱19.2 million as of March 31, 2021 compared to ₱19.3 million as at year-end 2020. The accrual of additional retirement benefit obligation is taken up at year-end based on actuarial studies commissioned at that time.

Stockholder's Equity. Total stockholders' equity increased to ₱1,868.5 million as of March 31, 2021 from ₱1,835.7 million at year-end 2020 due to the net income of ₱33.5 million generated in the first quarter of 2021. Total equity attributable to stockholders of the company totaled ₱1,794.4 million at March 31, 2021 from ₱1,763.3 million at December 31, 2020 due to the net income of ₱31.8 million attributable to stockholders of the company in the first quarter of 2021. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱74.1 million at March 31, 2021 compared to ₱72.4 million at December 31, 2020 due to their share of net income generated in the first quarter of 2021 of ₱1.7 million.

Top Performance Indicators

The top five (5) performance indicators for the Registrant are as follows:

1) Change in revenue
2) Change in net income
3) Earnings per share
4) Current ratio
5) Book value per share

Change in Revenues. Consolidated revenues in the first quarter of 2021 and 2020 are shown in Annex "B" and presented below in summary form:

(₱000)	1st Quarter-2021	Percentage (%)	1st Quarter-2020	Percentage (%)
Interest Income	₱ 2,812	6.7%	₱ 5,492	43.8%
Lease Rental Income	5,147	12.3%	6,729	53.7%
Dividend Income	155	0.4%	313	2.5%
Unrealized Gain on trading securities	33,683	80.6%	-	-
TOTAL INCOME	₱ **41,797**	**100%**	₱ **12,534**	**100%**

Total revenue in the first quarter of 2021 was ₱41.8 million, versus ₱12.5 million in the first quarter of 2020. The unrealized gain on trading securities of ₱33.7 million, accounted the bulk of the increase as global financial markets hard hit by the global COVID-19 pandemic in 2020 recovered in 2021.

Change in Net Income. The income statement in the first quarter of 2021 and 2020 are shown in Annex "B" and summarized below:

(₱000)	1st Quarter 2021	Percentage (%)	1st Quarter 2020	Percentage (%)
Revenues	₱ 41,797	100%	₱ 12,534	100%
Expenses	8,267	19.8%	47,826	(281.6%)
Net Income	33,530	80.2%	(35,291)	(181.6%)
Attributable to:				
- Minority Interest	1,700	4.1%	(1,510)	(12.1%)
- Stockholders of Company	31,830	76.1%	(33,781)	(169.5%)

The Registrant realized a net income of ₱33.5 million in the first quarter of 2021 compared to a net loss of ₱35.3 million in the first quarter of 2020. Net income of ₱31.8 million was attributable to stockholders of the company in the first quarter of 2021 compared to net loss of ₱33.8 million in the first quarter of 2020.

Earnings per Share. The net income per share attributable to shareholders of the Company during the first quarter of 2021 was ₱0.083 per share compared to net loss per share of ₱0.088 in the first quarter of 2020 due to reasons discussed above.

Current Ratio. Current ratio as of March 31, 2021 was 36.6 X compared to 40.4 X as of December 31, 2020.

Book Value Per Share. Book value per share as of March 31, 2021 was ₱4.67 per share compared to ₱4.60 as of December 31, 2020.

PART II

OTHER INFORMATION

The Board of Directors of the corporation will meet on June 16, 2021 at which time a date will be set for the stockholders' meeting. The Stockholders will be informed of the venue and time.

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.

Issuer .... *F & J Prince Holdings Corporation* ....

Principal Executive Officer

Signature and Title .... **ROBERT Y. COKENG, President** ....

Date ... 01 June 2021 ....

Principal Financial/Accounting Officer/Controller

Signature and Title .... **MARK RYAN K. COKENG, Treasurer** ....

Date ... 01 June 2021 ....

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1st Quarter-31 March 2021

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2021 AND DECEMBER 31, 2020

ANNEX "A"
Page 1

ASSETS		UNAUDITED MARCH 31, 2021		AUDITED DEC. 31,2020
Current Assets				
Cash and cash equivalents	P	490,796,630	P	523,539,241
Financial assets at fair value through profit or loss		191,723,129		161,006,477
Convertible note receivable		0		0
Receivables-net :				
Advances to Officers & Employees		0		0
Interest Receivable		3,876,618		4,478,336
Dividends Receivable		17,988,481		21,488,467
Receivable from related parties		462,790		572,932
Others		1,784,038		5,208,087
Total Receivables		24,111,927		31,747,822
Allowance for impairment losses		961,368		961,368
Total Receivables-Net		23,150,559		30,786,454
Current portion of HTM investments		0		0
Current portion of AFS financial assets		582,302		582,302
Prepaid expenses & other current assets:				
Input Tax		29,134,166		29,655,376
Prepaid Income Tax		1,210,210		1,210,210
Others		5,089,755		4,876,296
Total Prepaid expenses and other current assets		35,434,131		35,741,882
Total Current Assets	P	741,686,751	P	751,656,356
Non-current Assets				
Convertible notes receivable		42,121,200		42,121,200
Investments in associates		278,910,706		278,910,706
Deferred income tax asset		14,026,106		14,026,106
Financial assets at FVOCI-net of current portion		375,164,747		350,059,907
Investment in property		380,286,378		382,487,422
Property and Equipment				
Building		20,755,943		20,755,943
Building Improvements		8,764,062		8,764,062
Transportation equipment		7,234,510		7,234,510
Furniture and fixtures		3,068,124		3,064,597
Total		39,822,639		39,819,112
Less: Accumulated depreciation		34,100,445		33,780,159
Net Book Value		5,722,194		6,038,953
Total Property and Equipment		5,722,194		6,038,953
Other non-current assets		69,994,797		48,324,598
Total Non-Current Assets		1,166,226,128		1,121,968,892
TOTAL ASSETS	P	1,907,912,879	P	1,873,625,248

LIABILITIES & STOCKHOLDERS' EQUITY		UNAUDITED MARCH 31, 2021		AUDITED DEC. 31, 2020
Current Liabilities				
Accounts Payable and accrued expenses				
Accounts payable-trade		0		0
Accounts payable-others		2,030		0
Withholding taxes payable		207,826		451,196
SSS Premium Payable		19,907		16,443
HDMF Premium Payable		1,896		1,896
Philhealth Premium Payable		10,823		10,823
Deposit Payable		5,041,301		4,054,602
Output Vat Payable		1,430,055		651,426
Accrued expenses		1,751,194		1,610,827
Total Accounts payable and accrued expenses	P	8,465,032	P	6,797,213
Dividends Payable		6,827,293		6,827,293
Income Tax Payable		0		0
Provision for legal obligation		5,000,000		5,000,000
Total Current Liabilities	P	20,292,325	P	18,624,506
Non-Current Liabilities				
Deposits payable		2,555,315		2,726,766
Retirement benefit obligation		16,606,435		16,606,435
Total Non-Current Liabilities		19,161,750		19,333,201
Stockholders' Equity				
Capital stock		481,827,653		481,827,653
Additional paid in capital		144,759,977		144,759,977
Treasury shares		(102,094,826)		(102,094,826)
Unrealized gain on financial assets at FVOCI		(26,427,228)		(25,688,597)
Actuarial loss on retirement benefit obligation		(667,428)		(667,428)
Accumulated share in other comprehensive income of associates		74,492,608		74,492,608
Retained earnings		1,222,462,963		1,190,632,669
Total Equity Attributable to Stockholders of the Company		1,794,353,719		1,763,262,056
Minority Interest		74,105,085		72,405,485
Total Stockholders' Equity		1,868,458,804		1,835,667,541
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P	1,907,912,879	P	1,873,625,248

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2021 AND MARCH 31, 2020

		UNAUDITED MARCH 31, 2021		UNAUDITED MARCH 31, 2020
REVENUES				
Interest Income				
From Banks	P	579,418	P	2,378,614
From Securities		2,232,996		3,113,883
Total Interest Income		2,812,414		5,492,497
Unrealized gains on trading securities		33,682,542		0
Rental Income		5,147,287		6,728,702
Gains on disposal /redemption of financial assets at FVOCI		0		0
Dividend Income		155,205		313,199
Net unrealized foreign exchange gain		0		0
Other income		0		0
	P	41,797,448	P	12,534,398
EXPENSES				
Net foreign exchange loss		0		0
Amortization of unrealized losses on changes in fair value of AFS investments		0		0
Salaries, wages and employees' benefits		2,825,437		2,828,879
Depreciation		2,521,333		2,550,674
Professional fees		304,005		559,270
Condominium dues		757,010		806,871
Repairs and maintenance		0		0
Taxes and licenses		859,578		908,031
Entertainment, amusement and recreation		12,120		38,263
Unrealized loss on financial assets at FVPL		0		39,451,934
Others		988,074		682,183
		8,267,557		47,826,105
NET INCOME	P	33,529,891	P	(35,291,707)
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	31,830,292	P	(33,781,408)
MINORITY INTERESTS		1,699,599		(1,510,299)
EARNINGS PER SHARE	P	0.083	P	(0.088)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2021 AND MARCH 31, 2020

		UNAUDITED MARCH 31, 2021		UNAUDITED MARCH 31, 2020
NET INCOME	P	33,529,891	P	(35,291,707)
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments		-		-
Amortization of unrealized losses on changes in fair value of AFS investments				
Unrealized gains on financial assets at FVOCI		(738,631)		(6,170,120)
Impairment loss on AFS investments				
Others				
		(738,631)		(6,170,120)
TOTAL COMPREHENSIVE INCOME(LOSS)	P	32,791,260	P	(41,461,827)
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	31,151,697	P	(39,388,736)
MINORITY INTERESTS		1,639,563		(2,073,091)
	P	32,791,260	P	(41,461,827)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "C"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 AND THE YEAR ENDED DECEMBER 31, 2020

		UNAUDITED MARCH 31, 2021	UNAUDITED MARCH 31, 2020	AUDITED DEC. 31, 2020
CAPITAL STOCK				
Balance at beginning of year	P	481,827,653P	481,827,653 P	481,827,653
Issuance of additional shares of stock				
Subscription of additional shares of stock				
Balance at end of period		481,827,653	481,827,653	481,827,653
ADDITIONAL PAID-IN CAPITAL		144,759,977	144,759,977	144,759,977
Treasury Shares		(102,094,826)	(101,969,326)	(102,094,826)
Unrealized gain on financial assets at FVOCI		(26,427,228)	(24,728,315)	(25,688,597)
Other Reserves				
Actuarial loss on retirement benefit obligation		(667,428)	(2,959,003)	(667,428)
Share in other comprehensive income of associates		74,492,608	90,849,242	74,492,608
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES				
RETAINED EARNINGS				
Balance at beginning of period		1,190,632,669	1,185,978,067	1,185,978,066
Net Income		31,830,293	(33,781,408)	43,024,955
Dividends declared				(38,370,292)
Balance at end of period		1,222,462,962	1,152,196,659	1,190,632,669
		1,794,353,718	1,739,976,887	1,763,262,056
Minority Interests		74,105,085	70,746,691	72,405,485
TOTAL STOCKHOLDERS' EQUITY	P	1,868,458,803 P	1,810,723,578 P	1,835,667,541

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "D"

F & J PRINCE HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2021 AND MARCH 31, 2020

		UNAUDITED MARCH 31, 2021		UNAUDITED MARCH 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income	P	31,830,292	P	(33,781,408)
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority Interest		1,699,600		(1,510,299)
Depreciation and amortization		2,521,333		2,550,676
Net unrealized gains on financial assets at FVOCI		(738,631)		(6,170,120)
Amortization of unrealized loss/gain on FV of AFS inv.				
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		7,635,895		2,259,139
Prepaid expenses and other current assets		307,751		(1,643,804)
Increase (decrease) in accounts payable and accrued expenses		1,667,819		(1,557,243)
Net cash provided by operating activities		44,924,059		(39,853,059)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(3,527)		0
AFS/HTM investments and financial assets at FVPL				
Financial assets at FVOCI and FVPL		(55,821,493)		45,502,068
Decrease (increase) in:				
Investment in property		0		0
Other assets		(21,670,199)		24,972
Net cash provided by (used in) investing activities		(77,495,219)		45,527,040
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Deposits payable		(171,451)		33,000
Income tax payable		0		0
Net cash provided by (used in) financing activities		(171,451)		33,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	(32,742,611)	P	5,706,981
CASH AND CASH EQUIVALENTS, BEGINNING		523,539,241		582,252,670
CASH AND CASH EQUIVALENTS, ENDING	P	490,796,630	P	587,959,651

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTERS ENDING JUNE 30, 2020 AND SEPTEMBER 30, 2020

		UNAUDITED SEPTEMBER 30, 2020		UNAUDITED JUNE 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	P	27,301,432	P	(6,124,691)
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in net earnings in associate		0		
Minority interest		789,176		(362,800)
Depreciation and amortization		7,331,885		3,628,929
Net unrealized gains on financial assets at FVOCI		(5,291,623)		238,695
Amortization of unrealized loss/gain on FV of AFS inv.				
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		(27,988,646)		2,358,487
Prepaid expenses and other current assets		(2,715,060)		(1,858,491)
Increase (decrease) in:				
Accounts payable and accrued expenses		(1,555,993)		(2,882,915)
Net cash provided by operating activities		(2,128,829)		(5,002,786)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		383,293		1,574,817
Investment in property				
Financial assets at FVOCI and FVPL		58,909,701		(3,063,031)
Investment in associates		(18,613,092)		0
Decrease(increase) in				
Other assets		24,972		24,972
Net cash provided by (used in) investing activities		40,704,874		(1,463,242)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Cash dividends declared and paid		(48,182,765)		0
Deposits payable		33,000		33,000
Dividends payable		(843,168)		(843,169)
Income tax payable		(9,018,761)		(9,018,761)
Net cash provided by (used in) financing activities		(58,011,694)		(9,828,930)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	(19,435,649)	P	(16,294,958)
CASH AND CASH EQUIVALENTS, BEGINNING		582,252,670		582,252,670
CASH AND CASH EQUIVALENTS, ENDING	P	562,817,021	P	565,957,712

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2020

ANNEX "E"
Page 2
Audited

CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax from continuing operations	P	46,088,369
Adjustments for:		
Net unrealized foreign exchange losses (gains)		(17,503,286)
Fair value losses(gains) on financial assets at FVPL		(1,291,073)
Depreciation		10,132,670
Gain on disposal of property and equipment		(363,762)
Retirement benefit expense		1,709,284
Interest income		(21,230,126)
Dividend income		(3,654,824)
Gain on disposal of financial assets at FVPL		(21,917,315)
Equity in net losses (earnings) of associates		(32,071,045)
Losses/gains on disposal of financial assets at FVOCI		2,117,380
Operating loss before working capital changes		(37,983,728)
Decrease (increase) in:		
Receivables		(4,530,395)
Receivable from related parties		(135,295)
Prepaid expenses and other current assets		(6,818,052)
Increase (decrease) in accounts payable and accrued expense		(3,542,047)
Proceeds from disposal of financial assets at FVTPL		152,511,627
Additions to financial assets at FVTPL		(41,662,888)
Net cash flows used in operations		57,839,222
Dividends received		13,539,991
Interest received		22,945,035
Income taxes paid		(10,425,539)
Net cash flows from operating activities		83,898,709
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Financial assets at FVOCI		74,213,138
Convertible notes receivable		(42,121,200)
Property and equipment		469,000
Increase(decrease) in financial assets at FVOCI		(115,288,123)
Increase(decrease) in non-current assets		26,060
Increase(decrease) in property and equipment		(189,553)
Right issue subscription		(19,214,400)
Net cash flows from (used in) investing activities		(102,105,078)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid		(37,778,268)
Dividends to non-controlling interest		0
Acquisition of treasury shares		(125,500)
Net cash flows from financing activities		(37,903,768)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(2,603,292)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(58,713,429)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		582,252,670
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	523,539,241

F& J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2021 AND DECEMBER 31, 2020
WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

"ANNEX F"

ASSETS	UNAUDITED MARCH 31, 2021	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2021	AUDITED DEC. 31,2020	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2020	INCREASE (DECREASE) AMOUNT MARCH 31, 2021	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2021
Current Assets						
Cash and cash equivalents	490,796,630	25.72%	523,539,241	27.94%	(32,742,611)	-6.25%
Financial assets at fair value through fair value thru profit or loss (FVPL)	191,723,129	10.05%	161,006,477	8.59%	30,716,652	19.08%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	3,876,618	0.21%	4,478,336	0.24%	(601,718)	-13.44%
Dividends Receivable	17,988,481	0.94%	21,488,467	1.15%	(3,499,986)	-16.29%
Receivable from related parties	462,790	0.02%	572,932	0.03%	(110,142)	-19.22%
Others	1,784,038	0.09%	5,208,087	0.28%	(3,424,049)	-65.74%
Total Receivables	24,111,927	1.26%	31,747,822	1.70%	(7,635,895)	-24.05%
Allowance for impairment losses	961,368	-0.05%	961,368	-0.05%	0	0.00%
Total Receivables-Net	23,150,559	1.21%	30,786,454	1.65%	(7,635,895)	-24.80%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	582,302	0.03%	582,302	0.03%	0	0.00%
Prepaid expenses & other current assets:						
Others	5,089,755	0.27%	4,876,296	0.26%	213,459	4.38%
Input Tax	29,134,166	1.53%	29,655,376	1.59%	(521,210)	-1.76%
Prepaid Income Tax	1,210,210	0.06%	1,210,210	0.06%		0.00%
Total Prepaid expenses & other current assets	35,434,131	1.86%	35,741,882	1.91%	(307,751)	-0.86%
Total Current Assets	741,686,751	38.87%	751,656,356	40.12%	(9,969,605)	-1.33%
Non-current Assets						
Convertible notes receivable	42,121,200	2.21%	42,121,200	2.25%	0	0.00%
Investments in associates	278,910,706	14.62%	278,910,706	14.89%	0	0.00%
Financial assets at FVOCI	375,164,747	19.66%	350,059,907	18.68%	25,104,840	7.17%
Investment In properties	380,286,378	19.93%	382,487,422	20.40%	(2,201,044)	-0.58%
Property and Equipment						
Building	20,755,943	1.09%	20,755,943	1.11%	0	0.00%
Building Improvements	8,764,062	0.46%	8,764,062	0.47%	0	0.00%
Transportation equipment	7,234,510	0.38%	7,234,510	0.39%	0	0.00%
Furniture and fixtures	3,068,124	0.16%	3,064,597	0.16%	3,527	0.12%
Total Property and Equipment	39,822,639	2.09%	39,819,112	2.13%	3,527	0.01%
Less: accumulated depreciation	34,100,445	-1.79%	33,780,159	-1.80%	320,286	0.95%
Net Book Value	5,722,194	0.30%	6,038,953	0.33%	(316,759)	-5.25%
Total Property and Equipment	5,722,194	0.30%	6,038,953	0.33%	(316,759)	-5.25%
Deferred income tax assets-net	14,026,106	0.74%	14,026,106	0.75%	0	0.00%
Other Assets – net	69,994,797	3.67%	48,324,598	2.58%	21,670,199	44.84%
Total Non-Current Assets	1,166,226,128	61.13%	1,121,968,892	59.88%	44,257,236	3.94%
TOTAL ASSETS	1,907,912,879	100.00%	1,873,625,248	100.00%	34,287,631	1.83%

LIABILITIES & STOCKHOLDERS' EQUITY	UNAUDITED MARCH 31, 2021	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2021	AUDITED DEC. 31,2020	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2020	INCREASE (DECREASE) AMOUNT MARCH 31, 2021	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2021
Current Liabilities						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	2,030	0.00%	0	0.00%	2,030	0.00%
Withholding taxes payable	207,826	0.01%	451,196	0.02%	(243,370)	-53.94%
SSS Premium Payable	19,907	0.00%	16,443	0.00%	3,464	21.07%
HDMF Premium Payable	1,896	0.00%	1,896	0.00%	0	0.00%
Philhealth Premium Payable	10,823	0.00%	10,823	0.00%	0	0.00%
Deposit Payable	5,041,301	0.26%	4,054,602	0.22%	986,699	24.34%
Output Vat Payable	1,430,055	0.07%	651,426	0.03%	778,629	119.53%
Accrued expenses	1,751,194	0.09%	1,610,827	0.09%	140,367	8.71%
Total Accounts payable & accrued expenses	8,465,032	0.43%	6,797,213	0.36%	1,667,819	24.54%
Dividends Payable	6,827,293	0.36%	6,827,293	0.36%	0	0.00%
Income Tax Payable	0	0.00%	0	0.00%	0	0.00%
Provision for legal obligation	5,000,000	0.27%	5,000,000	0.27%	0	0.00%
Total Current Liabilities	20,292,325	1.06%	18,624,506	0.99%	1,667,819	8.95%
Non-Current Liabilities						
Deposits payable	2,555,315	0.13%	2,726,766	0.15%	(171,451)	-6.29%
Retirement benefit obligation	16,606,435	0.87%	16,606,435	0.89%	0	0.00%
Total Non-Current Liabilities	19,161,750	1.00%	19,333,201	1.04%	(171,451)	-0.89%
Stockholders' Equity						
Capital stock	481,827,653	25.26%	481,827,653	25.72%	0	0.00%
Additional paid in capital	144,759,977	7.59%	144,759,977	7.73%	0	0.00%
Unrealized gain on fin. assets at FVOCI	(26,427,228)	-1.39%	(25,688,597)	-1.37%	(738,631)	2.88%
Actuarial loss on retirement obligation	(667,428)	-0.03%	(667,428)	-0.04%	0)	0.00%
Accumulated share in OCI of associates	74,492,608	3.90%	74,492,608	3.98%	0)	0.00%
Treasury shares	(102,094,826)	-5.35%	(102,094,826)	-5.45%	0)	0.00%
Retained earnings	1,222,462,963	64.08%	1,190,632,669	63.54%	31,830,294	2.67%
Total Equity Attributable to Stock-holders of the Company	1,794,353,719	94.06%	1,763,262,056	94.11%	31,091,663	1.76%
Minority Interest	74,105,085	3.88%	72,405,485	3.86%	1,699,600	2.35%
Total Stockholders' Equity	1,868,458,804	97.94%	1,835,667,541	97.97%	32,791,263	1.79%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,907,912,879	100.00%	1,873,625,248	100.00%	34,287,631	1.83%

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

F & J Prince Holdings Corporation (the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 18, 1971. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including, but not limited to, land, building, condominium units, shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts or obligations of any corporation and associations, domestic or foreign.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares of stock are listed in and traded through the Philippine Stock Exchange, Inc. (PSE). The principal activities of its subsidiaries are described in Note 2.

The registered office address of the Parent Company is 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were authorized for issue by the Board of Directors (BOD) on May 28, 2021.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs, which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis of accounting, except for financial assets at FVTPL and certain investments in debt and equity securities that have been measured at FVOCI (see Notes 7 and 10).

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All amounts presented in Philippine peso have been rounded off to the nearest peso, unless otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries and the Group's interest in associates accounted for under equity method of accounting as at December 31, 2020 and 2019.

Control is achieved when the Group has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), 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.

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components while any resulting gain or loss is recognized in consolidated statement of income. Any investment retained is recognized at fair value.

Transactions involving noncontrolling interest in a subsidiary without a change of control are accounted for as equity transactions. Any excess or deficit of consideration paid over the carrying amount of noncontrolling interest acquired is recognized in equity of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, including intercompany profits and losses, are eliminated.

Details on the subsidiaries as of December 31, 2020 and 2019 are as follows:

	Country of Incorporation	Percentage of Ownership
Magellan Capital Holdings Corporation (MCHC)*	Philippines	94.37%
Pinamucan Industrial Estates, Inc. (PIEI)	Philippines	100%
Malabrigo Corporation (MC)	Philippines	100%
Magellan Capital Realty Development Corporation (MCRDC)**	Philippines	100%
Magellan Capital Trading Corporation (MCTC)**	Philippines	100%

*Intermediate parent company

**Non-operational since incorporation.

MCHC

MCHC is a holding company involved in investing real and personal properties of every kind, including, but not limited to, land, buildings, condominium units, shares of stock, bonds, and other securities of any corporation or association, domestic or foreign. MCHC was registered with SEC on November 6, 1990. MCHC has investments in subsidiaries, mainly PIEI, MC, MCRDC and MCTC.

PIEI

PIEI was organized primarily as a real estate developer and was registered with the SEC on May 5, 1993.

MC

MC was organized primarily to purchase, operate, maintain and sell coal mines and their products and by-products. MC was registered with the SEC on August 31, 1993.

MCRDC

MCRDC was organized to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts and obligations of any corporation or corporations, domestic or foreign. MCRDC was registered with the SEC on November 14, 1990 and has been non-operational since incorporation.

MCTC

MCTC was organized to conduct and carry on the business of buying, selling, distributing and marketing at wholesale and retail all kinds of goods, commodities, wares and merchandise. MCTC was registered in the SEC on January 7, 1991 and has been non-operational since incorporation.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the changes in accounting policies explained below.

The Group has adopted amendments to standards, including any consequential amendments to other standards, with date of initial application of January 1, 2020.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- *Amendments to References to Conceptual Framework in PFRSs* sets out amendments to PFRSs, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

    - a new chapter on measurement;
    - guidance on reporting financial performance;
    - improved definitions of an asset and a liability, and guidance supporting these definitions; and
    - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- *Definition of a Business (Amendments to PFRS 3, Business Combinations).* The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:

    - confirmed that a business must include inputs and a process, and clarified that:

        - the process must be substantive; and

  - the inputs and process must together significantly contribute to creating outputs;

- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

- *Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors).* The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the 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 the definition of material and its application by:

  a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';

  b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

  c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  d) clarifying the explanatory paragraphs accompanying the definition; and

  e) aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

- *Interest Rate Benchmark Reform (Amendments to PFRS 9, Financial Instruments, PAS 39, Financial Instruments: Recognition and Measurement and PFRS 7, Financial Instruments: Disclosures).* The amendments provide temporary exceptions to all hedging relationships directly affected by interest rate benchmark reform - the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The exceptions relate to the following requirements:

- The highly probable requirement. When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

- Prospective assessments. When performing prospective assessments, a company shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

- PAS 39 retrospective assessment. An entity is not required to undertake the PAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other PAS 39 hedge accounting requirements, including the prospective assessment.

- Separately identifiable risk components. For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

Amendments to Standards Issued But Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Group has not early adopted the following amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

The Group will adopt the following amendments to standards that are relevant to the Group on the respective effective dates:

Effective January 1, 2022

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets).* The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract – i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards. Improvement relevant to the Group is as follows:

- *Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9).* The amendment clarifies that for the purpose of performing the '10 percent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the Group complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

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

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to* PFRS 10, *Consolidated Financial Statements and* PAS 28, *Investments in Associates and Joint Ventures).* The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

  The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed 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.

Current versus Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is classified as current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent.

Fair Value Measurement

Fair value is the estimated 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 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 best economic interest.

A fair value measurement of a nonfinancial 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: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.
'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, 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' profit amount.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from date of placements and that are subject to an insignificant risk of change in value.

Financial Instruments

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and 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 or for which the Group has applied the practical expedient, 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 that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortized cost or FVOCI, 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.

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

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

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

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

The Group's financial assets at amortized cost includes "Cash and cash equivalents", "Receivables", and "Due from related parties" accounts in the consolidated statement of financial position.

Financial Assets at FVOCI With Recycling of Cumulative Gains and Losses (Debt Instruments). The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and

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

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for the financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI is recycled to the consolidated statement of income.

The Group has debt instruments at FVOCI amounting to P191.2 million and P235.9 million as at December 31, 2020 and 2019, respectively (see Note 10).

Financial Assets Designated at FVOCI With No Recycling of Cumulative Gains and Losses Upon Derecognition (Equity Instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of financial asset, in which case, such gains are recorded in the consolidated statement of comprehensive income. Equity instruments designated at FVOCI are not subject to impairment.

The Group elected to classify irrevocably its quoted equity securities under this category amounting to P45.5 million and P64.6 million as at December 31, 2020 and 2019, respectively (see Note 10).

Financial Assets at FVTPL. Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flow that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminated, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value. Gains and losses arising from fair value changes are recognized in consolidated statement of income.

This category includes listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as 'Dividend income' in the consolidated statement of income when the right of payment has been established.

The Group has financial assets at FVTPL amounting to P161.0 million and P248.6 million as at December 31, 2020 and 2019, respectively (see note 7).

Impairment of Financial Assets. The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

The ECL calculation using general approach is composed of three major components - probability of default (PD), loss given default (LGD), and exposure at default (EAD). The 12-month ECL is computed for Stage 1 accounts, while the lifetime ECL is calculated for Stage 2 and Stage 3 accounts. The ECL calculation using simplified approach is computed for Stage 2 and 3 accounts, using lifetime ECL. Accounts with objective evidence of impairment are classified under Stage 3 and shall follow the Group's impairment methodology.

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).

A loss allowance at an amount equal to at least 12-month expected credit losses will be recognized throughout the life of financial assets, thereby reducing the systematic overstatement of interest revenue. A loss allowance at an amount equal to lifetime expected credit losses will be recognized when credit risk has significantly increased since initial recognition, resulting in the timely recognition of expected credit losses.

The Group considers a financial asset in default when contractual payments are 90 days past due and/or it meets certain qualitative criteria. 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss

The Group's financial liabilities include "Accounts payable and accrued expenses", "Dividends payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards).

<u>Derecognition of Financial Instruments</u>

Financial Assets

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 Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay 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.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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 income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position 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. The Group assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Investments in Associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investment in associates are accounted for under the equity method.

Under the equity method, the investments in associates are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associates after the date of acquisition. The Group's share of the associates' profit or loss is recognized in the consolidated statement of income. Distributions received from associates reduce the carrying amount of the investment.

Any change in OCI of those investees is presented as part of the consolidated statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate. If the Group's shares of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in its associates. At each reporting date, the Group determines whether there is objective evidence that the investments in associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognize the loss in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

The Group has equity interest in the following associates as of December 31, 2020 and 2019:

	Country of Incorporation	Percentage of Ownership
Pointwest Technologies Corporation (PTC)	Philippines	30%
Business Process Outsourcing International (BPO)	Philippines	35%
Magellan Utilities Development Corporation (MUDC)	Philippines	43%

Investment Properties

Investment properties, comprising a parcel of land and condominium units, are held either to earn rental income or for capital appreciation or both. Investment property pertaining to land is measured at cost, including transaction costs less any accumulated impairment in value.

Investment property pertaining to condominium units is carried at cost less any accumulated depreciation and any impairment in value. Depreciation is computed using straight-line method over the estimated useful life of 25 years.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment, including cost of major inspection, when that cost is incurred and if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

Category	Number of Years
Condominium	25
Condominium improvements	10
Transportation equipment	10
Office furniture, fixtures and equipment	5

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

The residual value and useful lives of property and equipment are reviewed periodically and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited or charged to current operations. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

Impairment of Nonfinancial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset maybe impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognized in consolidated statement of income in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in consolidated statement of income.

Capital Stock and Additional Paid-in Capital

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

Retained Earnings

Retained earnings represent accumulated profit attributable to equity holders of the Group after deducting dividends declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition

Revenue is recognized when control over a product or service is transferred to the customer, or the customer has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Revenue Outside the Scope of PFRS 15
The specific recognition criteria described below must be met before revenue is recognized.

Interest Income
For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the EIR method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend Income
Dividend income is recognized when the Group's right to receive payment is established, which is generally when the investee's BOD approves the dividend.

Rent Income
Rent income arising from operating lease on investment properties is accounted for on a straight-line basis over the noncancelable lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on a straight-line basis. Contingent rents are recognized as revenue in the period in which they are earned.

Other Income
Other income earned outside the normal course business is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when goods are received by and services are rendered to the Group or when the expenses arise.

Retirement Benefits
The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

Past service costs are recognized in the consolidated statement of income on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "Retirement benefits" in consolidated statement of income:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income

Leases

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight line basis over the lease term in the consolidated statement of income.

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the functional currency spot rates of exchange at the reporting date. Differences arising from settlement or translation of monetary items are recognized in consolidated statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values are determined. The gain or loss arising on translation of nonmonetary items measured at fair values is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in the consolidated statement of comprehensive income or the consolidated statement of income are also recognized in the consolidated statement of comprehensive income or consolidated statement of income, respectively).

Income Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Income Tax

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred income 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 income tax asset to be utilized. Unrecognized deferred income 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 the deferred income tax asset to be recovered.

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

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

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

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

<u>Provisions, Contingent Liabilities and Contingent Assets</u>

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the 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 a provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent Liabilities and Contingent Assets

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 are disclosed when an inflow of economic benefits is probable.

Earnings Per Share (EPS)
Basic EPS amounts are calculated by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net income for the year 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 the dilutive potential ordinary shares into ordinary shares.

As at December 31, 2020, 2019 and 2018, the Group does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Segment Reporting
For purposes of Management reporting, the Group's operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker (CODM). Information on the operating segment is presented in Note 19.

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

5. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRSs require management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following items are those matters which the Group assess to have significant risks arising from estimation uncertainties:

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:

Determination of Significant Influence over an Investee Company
The Group considers its investments in PTC, BPO and MUDC as investments in associates. The Group concluded that it has more than 20% ownership interest and has significant influence over the operating and financial policies of its investments in associates due to the following:

- representation on the BOD;
- participation in policy-making processes, including participation in decisions about dividends and other distributions; and
- material transactions between the investor and investee

Determining Noncontrolling Interest (NCI) that is Material to the Group
The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's consolidated financial position or results of operations. The Group also considers the nature of the activities of the subsidiary and its relative importance or risk compared to other operations of the Group. Based on management's assessment, it has determined that the NCI in MCHC is not material to the Group.

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

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether market transactions take place with sufficient frequency and volume.

Contractual Cash Flows Assessment
For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Evaluation of Business Model in Managing Financial Instruments
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

Determination of Fair Values of Financial Instruments
The Group carries and discloses certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., quoted prices, interest rates and foreign exchange rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology.
Where the fair value of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in

establishing fair values. The judgments include considerations of liquidity and model inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Group's financial instruments are disclosed in Note 22 to the consolidated financial statements.

Estimating Provision for ECL
The Group uses the general approach to calculate ECL for receivables and amounts due from related parties. The Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date. The information about the Group's ECLs is disclosed in Note 21.

In 2020, the Group did not recognize additional provision for ECLs on its receivables and due from related parties.

As at December 31, 2020, the aggregate allowance for ECLs on receivables and due from related parties amounted to P188.7 million. The receivables and due from related parties, net of allowance for ECLs, amounted to P30.8 million and P23.3 million as at December 31, 2020 and 2019, respectively (see Notes 8 and 17).

Estimating Impairment of Debt Securities Classified as Financial Assets at FVOCI
The Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instruments has increased significantly since initial recognition.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group's debt instrument in FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, 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 ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group recognized impairment loss for debt securities classified as financial assets at FVOCI amounting to nil and P0.7 million in 2020 and 2019, respectively (see Note 10). The carrying value of debt securities classified as financial assets at FVOCI amounted to P191.2 million and P235.9 million as at December 31, 2020 and 2019, respectively.

Estimating Impairment of Investments in Associates
The Group performs an impairment review on its investments in associates whenever an impairment indicator exists. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Group to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows.

The carrying amount of investments in associates amounted to P278.9 million and P277.6 million as at December 31, 2020 and 2019, respectively. Allowance for impairment losses on the Group's investments in associates amounted to P94.8 million as at December 31, 2020 and 2019 (see Note 9).

Estimating Impairment of Nonfinancial Assets
The Group determines whether prepayments and other current assets, investments in associates, property and equipment, investment properties, and other noncurrent assets are impaired whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

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

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The Group has not identified any events or changes in circumstances that would indicate an impairment of its nonfinancial assets as of December 31, 2020 and 2019 as follows:

	Note	2020	2019
Prepayments and other current assets		P36,898,924	P33,303,803
Property and equipment	11	6,038,953	7,283,121
Investment properties	12	382,487,422	391,291,609
Other noncurrent assets		48,324,597	2,877,538
		P473,749,896	P434,756,071

Estimating Realizability of Deferred Income Tax Assets
Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Group did not recognize deferred income tax assets on its deductible temporary differences amounting to P250.6 million as of December 31, 2020 and 2019 as management believes that sufficient future taxable income will not be available to allow all or part of the deferred income tax asset to be utilized (see Note 15).

Estimating Provision for Legal Obligation
The estimate of provision for legal obligation has been developed by management. The management currently does not believe the provision will have a material adverse effect on its consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates of provisions. In 2011, the Group recognized provision for legal obligation amounting to P5.0 million for claim arising from lawsuit which is either awaiting decision by the courts or is subject to settlement obligations (see Note 20). No additional provisions were recognized in 2020 and 2019.

6. Cash and Cash Equivalents

	March, 2021	2020
Cash on hand and with banks	P90,173,983	P123,541,916
Short-term placements	400,622,647	399,997,325
	P490,796,630	P523,539,241

Cash in banks earns interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States Dollar (USD) and Philippine peso, made for varying periods of up to three months or less subject to roll-over requirements of the Group, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 0.6% to 3.8% in 2020 and 1.5% to 6.2% in 2019.

Interest income earned from these bank deposits and short-term placements amounted to P7.9 million, P18.9 million and P13.6 million in 2020, 2019 and 2018, respectively.

7. Financial Assets at FVTPL

Financial assets at FVTPL consist of listed securities which are traded in the PSE, New York Stock Exchange (NYSE) and Hong Kong Stock Exchange (HKEx). Fair values of listed equity securities are based on quoted market prices in the PSE, NYSE and HKEx.

The carrying value of financial assets at FVTPL includes cumulative unrealized gain on fair value changes amounting to P50.7 million and P55.1 million as at December 31, 2020 and 2019.

As of March 31, 2021, the financial assets at FVTPL is valued at P191,723,129.

Dividend income earned on investments in financial assets at FVTPL amounted to P2.9 million, P4.0 million and P1.4 million in 2020, 2019 and 2018, respectively.

The Group recognized gain on disposal of financial asset at FVTPL amounting to P21.9 million, P0.1 million and nil in 2020, 2019 and 2018, respectively.

8. Receivables - net

	Note	March, 2021	2020
Third parties:			
Accrued interest		P3,876,618	P4,478,337
Rent receivables	22	1,714,197	5,135,245
Others		69,841	69,841
Balances at end of year		5,660,656	9,683,423
Less allowance for expected credit losses		(961,368)	961,368
		P4,699,288	P8,722,055

Accrued interest from third parties pertain to interests earned on investments in short-term placements, short-term investments and debt securities classified as financial assets at FVOCI that are expected to be collected within one year.

9. Investments in Associates - net

	March, 2021	2020
Acquisition cost	P193,760,135	P193,760,135
Accumulated equity in net earnings:		
As at beginning of year	178,669,649	178,669,649
Share in net income (losses) of associates	32,071,045	32,071,045
Dividends declared by associates	(14,403,360)	(14,403,360)
Share in OCI of associates	419,894	419,894
Cumulative translation adjustment	(16,776,528)	(16,776,528)
As at end of year	179,980,700	179,980,700
	373,740,835	373,740,835
Less allowance for impairment losses	(94,830,129)	(94,830,129)
	P278,910,706	P278,910,706

The Group has equity interest in the following associates as of December 31:

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investment 2020	2019
MUDC	Philippines	43%	94,830,129	P94,830,129
Less allowance for impairment losses			(94,830,129)	(94,830,129)
			-	-
PTC	Philippines	30%	203,003,334	207,396,660
BPO	Philippines	35%	75,907,372	70,358,809
			278,910,706	P277,755,469

10. Financial Assets at FVOCI

	March, 2021	2020
Quoted:		
Debt securities - at fair value; net of allowance for impairment loss of P2.1 million in 2020 and 2019	P216,221,547	P191,116,707
Equity securities	45,475,225	45,475,225
Unquoted equity securities	114,050,277	114,050,277
	375,747,049	350,642,209
Less current portion	582,302	582,302
	P375,164,747	P350,059,907

Movements in financial assets at FVOCI financial assets are as follows:

	2020	2019
Balance beginning of the year	P300,512,853	P431,031,604
Additions	115,288,123	15,506,600
Changes recognized in profit or loss	20,154,411	(8,216,708)
Net unrealized valuation loss	(8,982,660)	(43,803,871)
Disposals	(76,330,518)	(94,004,772)
Balances at end of year	P350,642,209	P300,512,853

Investments in debt securities are denominated in various foreign currencies and are stated at fair value based on quoted prices. Changes in market values are included in the consolidated statement of comprehensive income. The debt securities bear fixed interest rates ranging from 4.55% to 9.63% in 2020 and 4.38% to 13.63% in 2019. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

Investments in equity securities carried at fair value consist of investments in quoted and unquoted shares of stock which the Group has neither control nor significant influence. The fair market values of the listed shares are determined by reference to published quotations in an active market as at December 31, 2020 and 2019. For unlisted shares of stocks that do not have readily available market values, the Group uses valuation for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Movements in the net unrealized valuation gains on financial assets at FVOCI financial assets are as follows:

	2020	2019
Balance at beginning of year	(P13,073,284)	P23,979,813
Changes in fair value	(3,191,462)	(34,163,736)
Disposals	(4,314,224)	(3,563,773)
Expected credit losses	-	674,413
Balances at end of year	(P20,578,970)	(P13,073,284)

Allowance for expected credit losses on financial assets at FVOCI debt instruments financial assets amounted to P2.1 million as of December 31, 2020 and 2019.

Net unrealized valuation losses on financial assets at FVOCI attributable to equity holders of the Parent Company amounted to P7.1 million and P18.5 million in 2020 and 2019, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to P13.4 million, P17.4 million and P19.5 million in 2020, 2019 and 2018, respectively, presented as "Interest income" in the consolidated statement of income.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to P0.8 million, P0.9 million and P0.7 million in 2020, 2019 and 2018, respectively.

The Group disposed of certain financial assets at FVOCI and recognized a gain (loss) from disposal amounting to (P2.1 million), P3.9 million and (P1.3 million) in 2020, 2019 and 2018, respectively.

11. Property and Equipment – net

Cost	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	March, 2021 Total
January 1, 2021	20,755,943	8,764,062	7,234,508	3,064,599	39,819,112
Additions	-	-	-	3,527	3,527
Disposals	-	-	-	-	-

March 31, 2021	20,755,943	8,764,062	7,234,508	3,068,126	39,822,639
Accumulated Depreciation					
January 1, 2021	16,812,626	8,528,374	5,569,575	2,869,584	33,780,159
Depreciation and amortization	207,559	17,637	83,190	11,900	320,286
March 31, 2021	17,020,185	8,546,011	5,652,765	2,881,484	34,100,445
Carrying Amounts					
March 31, 2021	P3,735,758	P218,051	P1,581,743	P186,642	P5,722,194

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	2020 Total
Cost					
January 1, 2019	P20,755,943	P8,764,062	P10,263,079	P2,865,479	P42,648,563
Additions	-	-	-	9,567	9,567
December 31, 2019	20,755,943	8,764,062	10,263,079	2,875,046	42,658,130
Additions	-	-	-	189,553	189,553
Disposals	-	-	(3,028,571)	-	(3,028,571)
December 31, 2020	**20,755,943**	**8,764,062**	**7,234,508**	**3,064,599**	**39,819,112**
Accumulated Depreciation					
January 1, 2019	15,152,152	8,387,280	7,337,618	2,844,432	33,721,482
Depreciation and amortization	830,237	70,547	743,595	9,148	1,653,527
December 31, 2019	15,982,389	8,457,827	8,081,213	2,853,580	35,375,009
Depreciation and amortization	830,237	70,547	411,695	16,004	1,328,483
Disposals	-	-	(2,923,333)	-	(2,923,333)
December 31, 2020	**16,812,626**	**8,528,374**	**5,569,575**	**2,869,584**	**33,780,159**
Carrying Amounts					
December 31, 2020	**P3,943,317**	**P235,688**	**P1,664,933**	**P195,015**	**P6,038,953**
December 31, 2019	P4,773,554	P306,235	P2,181,866	P21,466	P7,283,121

Cost of fully depreciated property and equipment that are still in use amounted to P15.3 million in 2020 and 2019.

Management believes that there is no indication of impairment loss that has occurred on its property and equipment.

12. Investment Properties – net

	Land	Condominium	March,2021 Total
Cost			
January 1, 2021	46,319,625	395,755,001	442,074,626
Additions	-	-	-
March 31, 2021	46,319,625	395,755,001	442,074,626

	Land	Condominium	Total
Accumulated Depreciation			
January 1, 2021	-	59,587,203	59,587,203
Depreciation	-	2,201,045	2,201,045
March 31, 2021	-	61,788,248	61,788,248
Carrying Amounts			
March 31,2021	P46,319,625	P333,966,753	P380,286,378

	Land	Condominium	2020 Total
Cost			
January 1, 2019	P46,319,625	P395,565,125	P441,884,750
Additions	-	189,876	189,876
December 31, 2019	46,319,625	395,755,001	442,074,626
Additions	-	-	-
December 31, 2020	46,319,625	395,755,001	442,074,626
Accumulated Depreciation			
January 1, 2019	-	41,987,196	41,987,196
Depreciation	-	8,795,821	8,795,821
December 31, 2019	-	50,783,017	50,783,017
Depreciation	-	8,804,186	8,804,186
December 31, 2020	-	59,587,203	59,587,203
Carrying Amounts			
December 31, 2020	**P46,319,625**	**P336,167,797**	**P382,487,422**
December 31, 2019	P46,319,625	P344,971,984	P391,291,609

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to P23.3 million, P25.1 million and P23.2 million in 2020, 2019 and 2018, respectively (see Note 20). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to P11.3 million, P10.8 million and P11.0 million in 2020, 2019 and 2018, respectively.

The assessed fair value of the investment properties amounted to P1,763.1 million and P1,316.6 million as at December 31, 2020 and 2019, respectively. The fair values of the investment properties in 2020 are based on valuations performed by an accredited independent valuer. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

13. Accounts Payable and Accrued Expenses

	March 2021	2020
Current portion of deposits payable	**P5,041,301**	P3,293,050
Payables to the government	**1,670,507**	1,671,889
Accounts payable	**1,753,224**	1,180,848
Accrued professional fees	-	651,426
Deferred rental income	-	-
	P8,465,032	P6,797,213

Deposits payable pertain to deposits made by tenants for the lease of an insignificant portion of the Group's condominium spaces and will be refunded to the lessee after the lease term.

Accounts payable are generally noninterest-bearing payables to third party contractors with a credit term of 30 days.

14. Retirement Benefit Obligation

The existing regulatory framework, Republic Act (RA) No. 7641, otherwise known as *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 Group has an unfunded defined benefit pension plan covering substantially all its regular employees. Retirement benefits under the plan are based on a percentage of latest monthly salary and years of credited service.

The table below summarizes the components of retirement benefit expense recognized in the consolidated statement of income, the remeasurement effects recognized in the consolidated statement of comprehensive income and the amounts recognized in the consolidated statement of financial position.

	2020	2019
Balances at beginning of year	**P18,344,610**	P12,927,729
Retirement benefit expense in profit or loss		
Current service cost	**827,606**	881,065
Interest costs	**881,678**	942,345
	1,709,284	1,823,410
Benefit paid		
Remeasurement losses (gains) in OCI		
Experience adjustment	**(3,734,360)**	3,364,354
Changes in financial assumption	**286,901**	459,210
	(3,447,459)	3,823,564
Balances at end of year	**P16,606,435**	P18,344,610

Actuarial gains (losses) on retirement benefit obligation attributable to the equity holders of the Parent Company amounted to P2.3 million and P2.5 million in 2020 and 2019, respectively.

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2020	2019
Discount rate	4.00%	7.00%
Salary increase rate	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2020 and 2019, assuming if all other assumptions were held constant:

		Effect on defined Benefit Obligation	
		2020	2019
Discount rate	+50 basis points	(P125,928)	(P102,264)
	-50 basis points	137,199	109,452
Future salary increase	+50 basis points	100,939	71,365
	-50 basis points	(91,271)	(65,234)

The average duration of the retirement benefit obligation as at December 31, 2020 and 2019 is 6 years and 5 years, respectively.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2020	2019
More than 1 year to 5 years	P16,766,632	P19,184,268
More than 5 years to 10 years	777,059	380,825
More than 10 years to 15 years	-	351,459
More than 15 years to 20 years	5,925,493	5,333,933
	P23,469,184	P25,250,485

15. Income Taxes

The Group's provision for current income tax in 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Regular corporate income tax	P4,379,972	P10,642,931	P3,618,264
Final tax interest income	1,406,778	3,712,380	2,446,789
Deferred tax expense (benefit)	(3,125,469)	(4,261,351)	1,826,571
	P2,661,281	P10,093,960	P7,891,624

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in profit or loss is as follows:

	2020	2019	2018
At statutory tax rate of 30%:	P13,847,911	P13,123,005	P6,293,250
Additions to (reductions in) income tax resulting from:			

Nondeductible expenses	3,773,162	4,001,918	2,888,469
Interest income already subjected to final tax	(2,128,431)	(5,107,159)	(1,567,615)
Equity in net losses (earnings) of associates	(9,621,314)	(1,603,222)	4,191,661
Nontaxable dividend income	(3,210,047)	(320,582)	(125,071)
Movement in unrecognized net deferred income tax asset	-	-	(3,789,070)
	P2,661,281	P10,093,960	P7,891,624

No deferred income tax assets were recognized for the following deductible temporary differences as it is not probable that sufficient taxable profits will be available to allow the benefit of the deferred income tax assets to be utilized:

	2020	2019
Allowance for impairment losses on due from related parties	P150,796,579	P150,796,579
Allowance for impairment losses on investment in an associate	94,830,129	94,830,129
Provision for legal obligation	5,000,000	5,000,000
	P250,626,708	P250,626,708

16. Equity

a. Common Stock

In accordance with Revised SRC Rule 68, Annex 68-D, below is a summary of the Group's track record of registration of securities.

	Number of Shares Registered	Issue/Offer Price	Date of Approval
Common shares	1,000,000,000	P0.01	December 8, 1982
Common shares	9,000,000,000	0.01	July, 28,1997

The details of the Group's capital stock are as follows:

	2020	2019
Common stock - P1 par value		
Class A		
Authorized - 600 million shares		
Issued - 292,610,118 shares	P292,610,118	P292,610,118
Class B		
Authorized - 400 million shares		
Issued - 189,217,535 shares	189,217,535	189,217,535
	P481,827,653	P481,827,653

17. Related Party Transactions

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

A summary of outstanding balances and transactions with related parties, net of allowance for impairment loss and presented under "Due from related parties" account, are as follows:

	Years	Transactions during the year	Outstanding Balances	Terms	Conditions
Associates:					
BPO					
Rent Income	March 2021	P353,103	P18,338	On demand;	Unsecured;
	2020	1,406,805	150,163	noninterest -bearing	Unimpaired
Payroll service expense	March, 2021	18,596	-	On demand;	Unsecured;
	2020	112,847	-	noninterest -bearing	Unimpaired
Dividends	March, 2021	3,499,974	10,499,923	On demand;	Unsecured;
	2020	3,499,974	10,499,923	noninterest -bearing	Unimpaired
PTC					
Dividends	March, 2021	10,903,386	10,903,386	On demand;	Unsecured;
	2020	10,903,386	10,903,386	noninterest -bearing	Unimpaired
MUDC					
Advances	March, 2021	17,268	108,895	On demand;	Unsecured;
	2020	36,582	91,627	noninterest -bearing	Unimpaired
Under Common Control					
Other related parties					
Advances	March, 2021	2,124	421,424	On demand;	Unsecured;
	2020	13,556	419,300	noninterest -bearing	Unimpaired
	March, 2021		21,951,966		
	2020		22,064,399		

The related party transactions are settled in cash.

Movements of due from related parties, net of expected credit losses, are as follows:

	2020	2019
Receivables from related party	**P189,321,032**	P189,185,737
Dividends receivables	**21,403,309**	16,885,116
	210,724,341	206,070,853
Allowance for expected credit losses	**(188,659,942)**	(188,659,942)
	P22,064,399	P17,410,911

Allowance for impairment loss is mainly attributable to advances to MUDC, among others.

Compensation of the key management personnel are as follows:

	2020	2019
Salaries and wages	**P8,493,141**	P8,493,141
Other benefits	**1,415,524**	1,415,524
	P9,908,665	P9,908,665

18. Earnings Per Share

The following table presents information necessary to compute the basic/dilutive EPS:

	2020	2019	2018
Net income attributable to equity holders of the parent	**P43,024,955**	P32,205,281	P12,088,289
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**383,721,537**	383,959,910	384,033,808
Basic and diluted earnings per share	**P0.11**	P0.08	P0.03

The Group has no potential dilutive instruments issued as of December 31, 2020, 2019 and 2018. Hence, diluted EPS is the same as basic EPS.

19. Segment Information

The primary purpose of the Group is to invest in real and personal properties. The Group operates mainly in one reportable business segment which is investing and one reportable geographical segment which is the Philippines.

20. Commitments and Contingencies

a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to P23.3 million, P25.1 million and P20.8 million in 2020, 2019 and 2018, respectively (see Note 12). The lease agreements have terms of one to two years and can be renewed upon the written agreement of the Group and the lessees. Deposit payable made by the tenants amounting to P6.0 million and P9.8 million as at December 31, 2020 and 2019, respectively, will be returned to the lessees after the lease term. The future minimum rental income as at December 31, 2020 and 2019 are as follows:

	2020	2019
Within one year	P7,089,129	P19,479,095
After one year but not more than 5 years	2,186,250	23,074,971
	P9,275,379	P42,554,066

b. As at December 31, 2020 and 2019, the Group recognized provision for legal obligation amounting to P5.0 million, for claims arising from lawsuit filed by a third party, which is awaiting decision by the courts. Probable cost has been estimated in consultation with the Group's legal counsel. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have material adverse impact on the Group's consolidated financial position and results of operations.

21. Fair Value of Financial Instruments

The Group has determined that the carrying amounts of cash and cash equivalents, receivables, due from related parties, accounts payable and accrued expenses and dividends payable, based on their notional amounts, reasonably approximate their fair values because these are short-term in nature.

Fair values of financial assets at FVTPL and quoted financial assets at FVOCI are based on price quotations as at December 31, 2020 and 2019.

22. Capital Management

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

The Group manages its capital structure, which pertains to its equity, and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

The total core capital considered by the Group as of December 31, 2020 and 2019 are as follows:

	2020	2019
Common stock	P481,827,653	P481,827,653
Additional paid-in capital	144,759,977	144,759,977
Retained earnings	1,190,632,669	1,185,978,066
Treasury shares	(102,094,826)	(101,969,326)
	P1,715,193,239	P1,710,596,370

23. Changes in Liabilities Arising from Financing Activities

The following shows the changes in the Group's liabilities arising from its financing activities in 2020 and 2019:

	Note	As at January 1, 2021	Cash Flows	Dividend Declaration	As at March 31, 2021
Dividends payable	18	P6,235,209	(P37,778,268)	P38,370,352	P6,827,293

	Note	As at January 1, 2020	Cash Flows	Dividend Declaration	As at December 31, 2020
Dividends payable	18	P6,235,209	(P37,778,268)	P38,370,352	P6,827,293

24. Events After the Reporting Date

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Group:

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

b) MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

d) Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior Bureau of Internal Revenue

(BIR) ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.

On April 8, 2021, the BIR issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by RA No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Internal Revenue Code (NIRC) of 1997, as Amended, Relative to the Final Tax on Certain Passive Income.

- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of RA No. 11534 or the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended.

- BIR RR No. 4-2021, Implementing the Provisions on VAT and Percentage Tax Under RA No. 11534 or the CREATE Act Which Further Amended the NIRC of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended

- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant RA No. 11534 or the CREATE Act, Which Further Amended the NIRC of 1997.

The enactment of the CREATE Act is a non-adjusting subsequent event thus, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates as at December 31, 2020.

Following the issuance of RR No. 5-2021, the corporate income tax of the Parent Company and subsidiaries will be lowered from 30% to 25% or 20%, depending on their taxable income, effective July 1, 2020.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2021

Name	Beginning Balance	Additions	Deductions		Current 30 days	60 days or over	Over 120 days	Ending Balance
			Amount Collected	Amount Written-Off				
Magellan Capital Realty Development Corp.	52,370	708				708	52,370	53,078
Magellan Capital Corporation	329,636	708				708	329,636	330,344
Magellan Capital Trading Corporation	53,420	708				708	53,420	54,128
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	10,499,923	395,475	4,027,286				6,868,112	6,868,112
Pinamucan Power Corporation	33,834	708				708	33,834	34,542
Pointwest Technologies Corporation	10,903,386						10,903,386	10,903,386
Others	0							0
	21,872,569	398,307	4,027,286			2,832	18,240,758	18,243,590

F & J Prince Holdings Corporation

2021
SECOND QUARTER

UNAUDITED FINANCIAL REPORT

COVER SHEET

4	3	3	7	0		

SEC Registration Number

F & J PRINCE HOLDINGS CORPORATION

(Company's Full Name)

5TH FLOOR CITIBANK CENTER

8741 PASEO DE ROXAS MAKATI

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

Atty. Fina C. Tantuico

Contact Person

8-8927133 · 8-8927137

Company Telephone Numbers

12 31

Month Day

Fiscal Year

04 12

Month Day

Annual Meeting

SEC FORM 17-Q

(As of JUNE 30, 2021)

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.1(1) (A) (ii) THEREUNDER

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. 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 AND SRC RULE 17(2)(b)THEREUNDER

1. For the quarterly period ended **30 June 2021**

2. SEC Identification Number **43370** 3. BIR Tax Identification No. **000-829-097**

4. *F & J Prince Holdings Corporation*
Exact name of registrant as specified in its charter

5. **Philippines**
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **5th Floor, BDO Towers Paseo**
8741 Paseo de Roxas, Makati City **1226**
Address of principal office Postal Code

8. **(632) 8-892-7133**
Registrant's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

TITLE OF CLASS	NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AND AMOUNT OF DEBT OUTSTANDING
Class "A" Common	**292,610,118 Shares**
Class "B" Common	**189,217,535 Shares**

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [✓] No [ ]

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

Philippine Stock Exchange **Common Shares, Class "A" and "B"**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and RSA Rule 17(2)-(b) 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 [✓] No [ ]

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

Yes [✓] No [ ]

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

The following financial statements, presented in a comparative format, are submitted:

(1) Unaudited Consolidated Interim Balance Sheet as of 30 June 2021 and Audited Consolidated Balance Sheet as of 31 December 2020 as Annex "A";

(2) Unaudited Consolidated Interim Statement of Income and Summary of General and Administrative Expenses for the six (6) month period ending 30 June 2021 and the six (6) month period ending 30 June 2020 as Annex "B";

(3) Unaudited Consolidated Interim Statement of Income and Summary of General and Administrative Expense for the three (3) month period from April 01 – June 30, 2021 and for the three (3) month period from April 01 – June 30, 2020 as Annex "C";

(4) Unaudited Consolidated Interim Statement of Changes in Stockholders' Equity for the six (6) month periods ending 30 June 2021 and 30 June 2020 and Audited Consolidated Statement of Changes in Stockholders' Equity for the year ending 31 December 2020 as Annex "D";

(5) Unaudited Consolidated Interim Cash Flow Statement for the six (6) month period ending 30 June 2021 and the six (6) month period ending 30 June 2020 as Annex "E";

(6) Interim Consolidated Cash Flow Statement for the three (3) month periods ending 30 June 2021 and 30 June 2020 as Annex "F"; and

(7) Consolidated Balance Sheet as of 30 June 2021 and December 31, 2020 with vertical and horizontal percentage analysis as Annex "G".

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(1) Management's Discussion and Analysis

The Registrant's consolidated revenue in 2020 increased to ₱111.8 million from ₱103.3 million in 2019. Equity in net earnings of associates improved to ₱32.1 million in 2020 from ₱5.3 million in 2019 as Pointwest generated a profit in 2020 after reporting losses in 2019 and 2018 due to the loss of a major account and revenue reduction from another major account. At the same time, Business Process Outsourcing International (BPOI), the Registrant's other associate showed lower earnings of ₱26.3 million in 2020 from ₱62.8 million in 2019 due mainly to higher expenses caused by the Covid-Pandemic. Interest income decreased to ₱21.2 million in 2020 from ₱36.3 million in 2019 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange loss of ₱28.2 million was recorded in 2020 versus a loss of ₱22.8 million in 2019 as the Peso improved against foreign currencies which penalized the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent decreased slightly from ₱25.1 million in 2019 to ₱23.3 million in 2020 due to higher vacancy. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱21.9 million was recorded in 2020 versus ₱3,435 in 2019. Dividend income decreased from ₱3.7 million in 2020 from ₱4.9 million in 2019. Fair value gain on Financial Assets at FVPL was ₱1.3 million in 2020 compared to ₱27.7 million in 2019 as prices of listed securities improved slightly in 2020.

Total consolidated expenses of the Registrant increased to ₱65.8 million in 2020 compared to ₱59.6 million in 2019 due mainly to higher foreign exchange losses.

As a result of the above, total consolidated income before tax in 2020 totaled ₱46.1 million compared to ₱43.7 million in 2019. After provision for income tax, total consolidated net income after tax totaled ₱43.4 million in 2020 compared to ₱33.6 million in 2019.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled ₱0.4 million in 2020 compared to ₱1.4 million in 2019.

Net income attributable to equity holders of the Registrant totaled ₱43.0 million in 2020 compared to ₱32.2 million in 2019.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2020, the Registrant's consolidated cash and cash equivalent totaled over ₱523.5 million compared to ₱582.3 million as of December 31, 2019. The Registrant and its subsidiary are planning to undertake development of MCHC's land in Fort Bonifacio into an office building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱38 million at year-end 2020 compared to ₱51.7 million at year-end 2019. Total equity amounted to ₱1.9 billion as of the end of 2020 substantially the same level as at the end of 2019.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2020 totaled ₱523.5 million compared to ₱582.3 million at the end of 2019 while total current assets totaled ₱751.7 million at year-end 2020 compared to ₱888.1 billion at year-end 2019. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(a) Operating Results and Financial Condition for the Second Quarter of 2021

(i) There are no known trends, demands, events or uncertainties that would have a material effect on the Issuer's liquidity.

(ii) There are no known or anticipated events that would trigger direct or contingent financial obligation that is material to the Company including any default or acceleration of any obligation.

(iii) There are no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the Company with unconsolidated entities or other persons created during second quarter of 2021 or in prior periods.

(iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary and equity in net earnings of associates.

(v) There are no trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable impact on net revenues/income from continuing operations except for possible unrealized or realized foreign exchange gains from the dollar denominated investments of the Company and its majority owned subsidiary and unrealized gains on trading securities and equity in net earnings of associates. These are generally recognized in the year-end Audited Financial Statements except for realized foreign exchange gain which are reported in the period realized.

(vi) The Company did not realize any non-operating income in the second quarter of 2021 or in the second quarter of 2020 aside from unrealized gain on trading securities, gain on disposal of AFS/HTM investments and net unrealized foreign exchange gains.

The following is a detailed discussion of the Registrant's operations and financial condition during the second quarter of 2021 and second quarter of 2020.

Operating Results

Breakdown of Revenue for the Three Month Periods Ending June 30, 2021 and June 30, 2020 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	Second Quarter 2021	Vertical Percentage Analysis	Second Quarter 2020	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME From Banks	₱ 681	4.3%	₱ 1,988	5.5%	(1,307)	(65.7%)
From Securities	2,433	15.2%	3,123	8.7%	(690)	(22.1%)
TOTAL	**₱ 3,114**	**19.5%**	**₱ 5,111**	**14.2%**	**(1,997)**	**(39.1%)**
UNREALIZED GAIN ON TRADING SECURITIES	6,021	37.6%	22,221	62%	(16,200)	(72.9%)
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	92	0.6%	1,469	4.1%	(1,377)	(93.7%)
DIVIDEND INCOME	1,429	8.9%	1,271	3.5%	158	12.4%
RENT INCOME	5,352	33.4%	5,472	15.3%	(120)	(2.2%)
REALIZED FX GAIN	-	-	17	-	(17)	(100%)
OTHER INCOME	-	-	282	0.8%	(282)	(100%)
TOTAL	**₱ 16,009**	**100%**	**₱ 35,842**	**100%**	**(19,833)**	**(55.3%)**

Revenues. Consolidated revenues, during the 3 month period ended June 30, 2021 decreased by 55.3% to ₱16.0 million compared to ₱35.8 million during the same 3 month period in 2020 as shown in Annex "C". The lower revenue was due mainly to lower unrealized gain on trading securities as listed stocks held by the Registrant and its subsidiaries did not increase as much in 2021. In addition, the lower interest income and lower realized gain on redemption of FVPL investment also contributed to the lower revenue.

Expenses. Consolidated expenses in the second quarter of 2021 totaled ₱9.2 million compared to ₱7.0 million in the second quarter of 2020. As shown in Annex "C", the decrease was accounted for higher professional fees and other expenses.

Operating Income. Due to the factors discussed above, consolidated operating income in the second quarter of 2021 totaled ₱6.8 million compared to ₱28.8 million in the second quarter of 2020.

Net Income. Net income totaled ₱6.8 million during the second quarter of 2021 compared to ₱28.8 million in the second quarter of 2020. Net income in the second quarter of 2021 attributable to shareholders of the company totaled ₱6.5 million while ₱0.3 million was attributable to minority shareholders in the company's 94% owned subsidiary Magellan Capital Holdings Corporation (MCHC). In the second quarter of 2020, ₱27.4 million in net income was attributable to stockholders of the company while ₱1.4 million was attributable to minority stockholders in MCHC.

BALANCE SHEET ACCOUNTS

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for June 30, 2021 compared to December 31, 2020.

Assets

Current Assets. Consolidated current assets as of June 30, 2021 totaled ₱730.1 million compared to ₱751.7 million as of December 31, 2020. Most of the decrease was due to the lower cash and cash equivalents which decreased to ₱472.3 million as of June 30, 2021 from ₱523.5 million as of December 31, 2019. Financial assets at FVPL increased to ₱213.1 million as of June 30, 2021 from ₱161.0 million as of December 31, 2020.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained at the same level at year-end 2020 and at June 30, 2021 at ₱278.9 million as equity in net earnings of associates are not taken up until year end.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of medium term bonds and listed equities increased from ₱350.1 million at year-end 2020 to ₱386.6 million at June 30, 2021.

Property and Equipment. This account totaled ₱5.4 million as of June 30, 2021 compared to ₱6.0 million as of December 31, 2020 due to additional depreciation allowance taken in the first half of 2021.

Investment in Property. This Account totaled ₱378.6 million at June 30, 2021 compared to ₱382.5 million at year end 2020 due to depreciation allowance provided in the first half of 2021.

Other Non-Current Assets. This account totaled ₱79.7 million as of June 30, 2021, compared to P48.3 million as of December 31, 2020.

Total Assets. As a result of the foregoing, total assets increased to ₱1,914.9 million as of June 30, 2021 from ₱1,873.6 million as of December 31, 2020.

Liabilities and Equity

Current Liabilities. Current liabilities increased to ₱23.1 million as of June 30, 2021 from ₱18.6 million as of December 31, 2020 due mainly to higher deposit payable and higher output VAT payable.

Non-Current Liabilities. Non-current liabilities which consists mostly of retirement benefit obligation and deposits payable decreased to ₱16.6 million as of June 30, 2021, from ₱19.3 million at year-end 2020.

Stockholder's Equity. Total stockholder's equity increased to ₱1,875.2 million as of June 30, 2021 from ₱1,835.7 million at year-end 2020 due to the net income generated in the first half of 2021. Total equity attributable to stockholders of the company totaled ₱1,800.8 million at June 30, 2021 from ₱1,763.3 million at December 31, 2020. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱74.4 million at June 30, 2021 compared to P72.4 million at year-end 2020.

(a) Top Performance Indicators

The top five (5) performance indicators for the Company and its Subsidiary are as follows:

1) Change in revenues
2) Change in net income
3) Earnings per share
4) Current ratio
5) Book Value per share

Change in Revenues. Consolidated revenues in the second quarter of 2021 and 2020 are shown in Annex "C" and presented below in summary form:

(P 000)	2nd Quarter 2021	Percentage (%)	2nd Quarter 2020	Percentage (%)
Interest Income	₱ 3,114	19.5%	₱ 5,111	14.2%
Lease Rental Income	5,352	33.4%	5,473	15.3%
Dividend Income	1,429	8.9%	1,271	3.5%
Unrealized Gain on Trading Securities	6,022	37.6%	22,221	62%
Realized Gain on FVPL	92	0.6%	1,469	4.1%
Realized FX Gain	-	-	17	-
Other Income	-	-	282	0.8%
Total Income	**₱ 16,009**	**100.00%**	**₱ 35,842**	**100.00%**

Total revenue decreased by 55.3% in the second quarter of 2021 to ₱16.0 million from ₱35.8 million in the second quarter of 2020. This was due mainly to lower unrealized gain on trading securities and lower realized gain on trading securities.

Change in Net Income. The income statement in the second quarter of 2020 and 2019 are shown in Annex "C" and summarized below:

(P 000)	2nd Quarter 2021	Percentage (%)	2nd Quarter 2020	Percentage (%)
Revenues	₱ 16,009	100%	₱ 35.842	100.00%
Expenses	9,178	57.3%	7,038	19.6%
Net Income	6,831	42.7%	28,804	80.4%
Attributable to:				
- Minority Interest	289	1.8%	1,440	4.0%
- Stockholders of Company	₱ 6,542	40.9%	₱ 27,364	76.4%

The company realized a net income of ₱6.5 million attributable to stockholders of the company in the second quarter of 2021, compared to a net income of ₱27.4 million attributable to stockholders of the company in the second quarter of 2020 due to the factors discussed in the preceding pages.

Earnings per Share. The income per share attrtibutable to shareholders of the Company during the second quarter of 2021 was ₱0.017 per share compared to earnings per share of ₱0.071 in the second quarter of 2020.

Current Ratio. Current ratio as of June 30, 2021 was 31.6 X compared to 40.4 X as of December 31, 2020. Decrease in cash and cash equivalent and increase in current liability accounted for the lower current ratio.

Book Value Per Share. Book value per share as of June 30, 2021 was ₱4.70 per share compared to ₱4.60 per share as of December 31, 2020 due mainly to the net income attributable to stockholders of the company realized in the first half of 2021.

PART II

OTHER INFORMATION

1. **Regular Board Meeting of the Corporation held on June 16, 2021**

The Board approved and adopted the following resolutions:

1. **Approval of Audited Financial Statements**

"**RESOLVED**, that the authority of the President, Mr. Robert Y. Cokeng. and Audit Committee to approve the Audited Financial Statements for the year ending December 31, 2020 and to approve its release by the Company's External Auditor, KPMG – R.G.Manabat & Co., pursuant to the reportorial requirements of the BIR and SEC be, as it hereby, confirmed and ratified."

2. **Authorize Person to submit SEC Reports via Online Submission Tool (OST)**

"**RESOLVED**, that the designation of Mark Ryan K. Cokeng, Treasurer as the Company representative for the submission of reportorial requirements with the Securities and Exchange Commission through Online Submission Tool (OST) be, as it is hereby, confirmed and ratified."

3. **Date of Annual Stockholders' Meeting**

"**RESOLVED,** that the Corporation's Annual Stockholders' Meeting be held on September 17, 2021, Friday at 2:00PM via Zoom app."

"**RESOLVED FURTHER**, that for this purpose, ROBERT Y. COKENG, President, be as he is hereby authorized to represent the Corporation as well as to sign, execute and deliver any and all as may be necessary to be executed in implementation of the foregoing."

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.

Issuer .... F & J Prince Holdings Corporation ....

Principal Executive Officer

Signature and Title .... **ROBERT Y. COKENG, President** ....

Date ....**04 August 2021**....

Principal Financial/Accounting Officer/Controller

Signature and Title .... **MARK RYAN K. COKENG, Treasurer** ....

Date ....**04 August 2021**....

My Docs>F&J>2020 Files>SEC Form 17Q>
2nd Quarter>2nd Quarter Report-30 June 2021

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2021 AND DECEMBER 31, 2020

ANNEX "A"
Page 1

ASSETS		UNAUDITED JUNE 30, 2021		AUDITED DEC. 31,2020
Current Assets				
Cash and cash equivalents	P	472,341,407	P	523,539,241
Financial assets at fair value through profit or loss		213,124,755		161,006,477
Convertible note receivable		0		0
Receivables-net :				
Advances to Officers & Employees		0		0
Interest Receivable		3,990,238		4,478,336
Dividends Receivable		3,585,109		21,488,467
Receivable from related parties		462,790		572,932
Others		2,216,536		5,208,087
Total Receivables		10,254,673		31,747,822
Allowance for impairment losses		961,368		961,368
Total Receivables-Net		9,293,305		30,786,454
Current portion of HTM investments		0		0
Current portion of AFS financial assets		500,200		582,302
Prepaid expenses & other current assets:				
Input Tax		28,674,297		29,655,376
Prepaid Income Tax		1,210,210		1,210,210
Others		4,926,129		4,876,296
Total Prepaid expenses and other current assets		34,810,636		35,741,882
Total Current Assets	P	730,070,303	P	751,656,356
Non-current Assets				
Convertible notes receivable		42,121,200		42,121,200
Investments in associates		278,910,706		278,910,706
Deferred income tax asset		14,026,106		14,026,106
Financial assets at FVOCI-net of current portion		386,616,118		350,059,907
Investment in property		378,085,333		382,487,422
Property and Equipment				
Building		20,755,943		20,755,943
Building Improvements		8,764,062		8,764,062
Transportation equipment		7,234,510		7,234,510
Furniture and fixtures		3,068,124		3,064,597
Total		39,822,639		39,819,112
Less: Accumulated depreciation		34,420,708		33,780,159
Net Book Value		5,401,931		6,038,953
Total Property and Equipment		5,401,931		6,038,953
Other non-current assets		79,668,397		48,324,598
Total Non-Current Assets		1,184,829,791		1,121,968,892
TOTAL ASSETS	P	1,914,900,094	P	1,873,625,248

LIABILITIES & STOCKHOLDERS' EQUITY		UNAUDITED JUNE 30, 2021		AUDITED DEC. 31, 2020
Current Liabilities				
Accounts Payable and accrued expenses				
Accounts payable-trade		0		0
Accounts payable-others		0		0
Withholding taxes payable		223,128		451,196
SSS Premium Payable		19,907		16,443
HDMF Premium Payable		1,896		1,896
Philhealth Premium Payable		10,823		10,823
Deposit Payable		7,871,991		4,054,602
Output Vat Payable		1,477,714		651,426
Accrued expenses		1,706,243		1,610,827
Total Accounts payable and accrued expenses	P	11,311,702	P	6,797,213
Dividends Payable		6,827,293		6,827,293
Income Tax Payable		0		0
Provision for legal obligation		5,000,000		5,000,000
Total Current Liabilities	P	23,138,995	P	18,624,506
Non-Current Liabilities				
Deferred income tax liabilities-net		0		0
Deposits payable		0		2,726,766
Retirement benefit obligation		16,606,435		16,606,435
Total Non-Current Liabilities		16,606,435		19,333,201
Stockholders' Equity				
Capital stock		481,827,653		481,827,653
Additional paid in capital		144,759,977		144,759,977
Treasury shares		(102,094,826)		(102,094,826)
Unrealized gain on financial assets at FVOCI		(26,562,178)		(25,688,597)
Actuarial loss on retirement benefit obligation		(667,428)		(667,428)
Accumulated share in other comprehensive income of associates		74,492,608		74,492,608
Retained earnings		1,229,005,337		1,190,632,669
Total Equity Attributable to Stockholders of the Company		1,800,761,143		1,763,262,056
Minority Interest		74,393,521		72,405,485
Total Stockholders' Equity		1,875,154,664		1,835,667,541
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P	1,914,900,094	P	1,873,625,248

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "B"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2021 AND JUNE 30, 2020

		UNAUDITED JUNE 30, 2021		UNAUDITED JUNE 30, 2020
REVENUES				
Interest Income				
From Banks	P	1,260,570	P	4,366,632
From Securities		4,666,251		6,236,539
Total Interest Income		5,926,821		10,603,171
Unrealized gains on trading securities		39,704,099		0
Rental Income		10,499,663		12,201,237
Gains on disposal of financial assets at FVPL		91,833		0
Dividend Income		1,583,981		1,584,434
Realized forex gain		0		16,844
Realized gain on sale of FVPL		0		4,208,548
Other income		0		281,762
	P	57,806,397	P	28,895,996
EXPENSES				
		0		0
Realized loss on disposal of financial assets at FVPL		0		2,739,960
Net foreign exchange loss		25,630		0
Salaries, wages and employees' benefits		5,671,258		5,724,060
Depreciation		5,042,641		5,102,262
Professional fees		1,393,656		860,206
Condominium dues		1,673,757		1,505,423
Realized loss on disposal/redemption of bonds		0		0
Taxes and licenses		932,057		990,310
Entertainment, amusement and recreation		43,927		38,263
Unrealized loss on financial assets at FVPL		0		17,231,141
Others		2,662,767		1,191,862
		17,445,693		35,383,487
NET INCOME	P	40,360,704	P	(6,487,491)
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	38,372,668	P	(6,124,691)
MINORITY INTERESTS		1,988,036		(362,800)
EARNINGS PER SHARE	P	0.010	P	(0.016)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2021 AND JUNE 30, 2020

		UNAUDITED JUNE 30, 2021		UNAUDITED JUNE 30, 2020
NET INCOME	P	40,360,704	P	(6,487,491)
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments		-		-
Amortization of unrealized losses on changes in fair value of AFS investments				
Unrealized gain/loss on financial assets at FVOCI		873,581		238,695
Impairment loss on AFS investments				
Others				
		873,581		238,695
TOTAL COMPREHENSIVE INCOME(LOSS)	P	41,234,285	P	(6,248,796)
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	39,172,570	P	(5,936,356)
MINORITY INTERESTS		2,061,715		(312,440)
	P	41,234,285	P	(6,248,796)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS PERIOD APRIL 1-JUNE 30, 2021 AND APRIL 1-JUNE 30, 2020

		UNAUDITED APRIL 1-JUNE 30, 2021		UNAUDITED APRIL 1-JUNE 30, 2020
REVENUES				
Interest Income				
From Banks	P	681,152	P	1,988,018
From Securities		2,433,255		3,122,656
Total Interest Income		3,114,407		5,110,674
Unrealized gains on trading securities		6,021,557		22,220,793
Rental Income		5,352,376		5,472,535
Dividend Income		1,428,776		1,271,235
Realized forex gain		0		16,844
Realized gain on sale of FVPL		91,833		1,468,588
Other income		0		281,762
	P	16,008,949	P	35,842,431
EXPENSES				
Net foreign exchange loss		0		0
Amortization of unrealized losses on changes in fair value of AFS investments		0		0
Salaries, wages and employees' benefits		2,845,821		2,895,181
Depreciation		2,521,307		2,551,588
Professional fees		1,089,651		300,936
Condominium dues		916,747		698,552
Realized loss on disposal/redemption of bonds/FVOCI		0		0
Taxes and licenses		72,479		82,279
Entertainment, amusement and recreation		31,807		0
Unrealized loss on financial assets at FVPL		0		0
Others		1,700,324		509,679
		9,178,136		7,038,215
NET INCOME	P	6,830,813	P	28,804,216
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	6,542,374	P	27,364,005
MINORITY INTERESTS		288,439		1,440,211
EARNINGS PER SHARE	P	0.017	P	0.071

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD APRIL 1-JUNE 30,2021 AND APRIL 1-JUNE 30,2020

		UNAUDITED APRIL 1-JUNE 30,2021		UNAUDITED APRIL 1-JUNE 30,2020
NET INCOME	P	6,830,813	P	28,804,216
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments		-		-
Amortization of unrealized losses on changes in fair value of AFS investments				
Unrealized gain/loss on financial assets at FVOCI		(134,950)		6,408,815
Impairment loss on AFS investments				
Others				
		(134,950)		6,408,815
TOTAL COMPREHENSIVE INCOME(LOSS)	P	6,695,863	P	35,213,031
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	6,361,070	P	33,452,379
MINORITY INTERESTS		334,793		1,760,652
	P	6,695,863	P	35,213,031

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "D"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020 AND THE YEAR ENDED DECEMBER 31, 2020

		UNAUDITED	UNAUDITED	AUDITED
		JUNE 30, 2021	JUNE 30, 2020	DEC. 31, 2020
CAPITAL STOCK				
Balance at beginning of year	P	481,827,653P	481,827,653 P	481,827,653
Exercise of stock warrants				
Issuance of additional shares of stock				
Subscription of additional shares of stock				
Balance at end of period		481,827,653	481,827,653	481,827,653
ADDITIONAL PAID-IN CAPITAL		144,759,977	144,759,977	144,759,977
Treasury Shares		(102,094,826)	(101,969,326)	(102,094,826)
Unrealized gain on financial assets at FVOCI		(26,562,178)	(18,319,500)	(25,688,597)
Other Reserves				
Actuarial loss on retirement benefit obligation		(667,428)	(2,959,003)	(667,428)
Share in other comprehensive income of associates		74,492,608	90,849,242	74,492,608
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES				
RETAINED EARNINGS				
Balance at beginning of period		1,190,632,669	1,185,978,067	1,185,978,066
Net Income		38,372,668	(6,124,691)	43,024,955
Dividends declared				(38,370,292)
Balance at end of period		1,229,005,337	1,179,853,376	1,190,632,669
		1,800,761,143	1,774,042,419	1,763,262,056
Minority Interests		74,393,522	71,894,191	72,405,485
TOTAL STOCKHOLDERS' EQUITY	P	1,875,154,665 P	1,845,936,610 P	1,835,667,541

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "E"

F & J PRINCE HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2021 AND JUNE 30, 2020

		UNAUDITED JUNE 30, 2021		UNAUDITED JUNE 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income	P	38,372,668	P	(6,124,691)
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority Interest		1,988,036		(362,800)
Net unrealized gains on financial assets at FVOCI		(873,581)		238,695
Depreciation and amortization		5,042,641		3,628,929
Amortization of unrealized loss/gain on FV of AFS inv.				
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		21,493,149		2,358,487
Prepaid expenses and other current assets		931,246		(1,858,491)
Increase (decrease) in accounts payable and accrued expenses		4,514,489		(2,882,915)
Net cash provided by operating activities		71,468,648		(5,002,786)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(3,527)		1,574,817
AFS/HTM investments and financial assets (FVPL)		0		0
Financial assets at FVOCI and FVPL		(88,592,390)		(3,063,031)
Investment in property				
Decrease (increase) in:				
Other assets		(31,343,799)		24,972
Net cash provided by (used in) investing activities		(119,939,716)		(1,463,242)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Dividends payable		0		(843,169)
Deposits payable		(2,726,766)		33,000
Income tax payable		0		(9,018,761)
Net cash provided by (used in) financing activities		(2,726,766)		(9,828,930)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	(51,197,834)	P	(16,294,958)
CASH AND CASH EQUIVALENTS, BEGINNING		523,539,241		582,252,670
CASH AND CASH EQUIVALENTS, ENDING	P	472,341,407	P	565,957,712

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "F"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3 MONTHS PERIOD APRIL 1-JUNE 30, 2021 AND APRIL 1-JUNE 30, 2020

		UNAUDITED APRIL 1-JUNE 30,2021		UNAUDITED APRIL 1-JUNE 30,2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	P	6,542,374	P	27,364,005
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in net earnings in associate				
Minority interest				
Depreciation and amortization		288,439		1,440,211
Unrealized loss/gain on changes in fair value of AFS/FVPL		2,521,307		1,078,255
Net unrealized loss/gain on financial assets at FVOCI		0		0
Changes in operating assets and liabilities:		(134,950)		6,408,815
Decrease (increase) in:				
Receivables		13,857,254		99,348
Prepaid expenses and other current assets		623,495		(214,687)
Increase (decrease) in:				
Accounts payable and accrued expenses		2,846,670		(1,325,672)
Net cash provided by operating activities		26,544,589		34,850,275
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		0		1,574,817
Investment in property		0		0
AFS/HTM/other investments and financial assets (FVPL)				
Financial assets at FVOCI and FVPL		(32,770,897)		(48,565,101)
Decrease (increase) in:				
Other assets		(9,673,600)		0
Net cash provided by (used in) investing activities		(42,444,497)		(46,990,284)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Cash dividends declared and paid		0		0
Deposits payable		(2,555,315)		0
Dividends payable		0		(843,169)
Income tax payable		0		(9,018,761)
Net cash provided by (used in) financing activities		(2,555,315)		(9,861,930)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**P**	**(18,455,223)**	**P**	**(22,001,939)**
CASH AND CASH EQUIVALENTS, BEGINNING		**490,796,630**		**587,959,651**
CASH AND CASH EQUIVALENTS, ENDING	**P**	**472,341,407**	**P**	**565,957,712**

F& J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2021 AND DECEMBER 31, 2020
WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

"ANNEX G"

	UNAUDITED3 JUNE 30, 2021	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2021	AUDITED DEC. 31,2020	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2020	INCREASE (DECREASE) AMOUNT JUNE30, 2021	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2021
ASSETS						
Current Assets						
Cash and cash equivalents	472,341,407	24.66%	523,539,241	27.94%	(51,197,834)	-9.78%
Financial assets at fair value through fair value thru profit or loss (FVPL)	213,124,755	11.13%	161,006,477	8.59%	52,118,278	32.37%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	3,990,238	0.21%	4,478,336	0.24%	(488,098)	-10.90%
Dividends Receivable	3,585,109	0.19%	21,488,467	1.15%	(17,903,358)	-83.32%
Receivable from related parties	462,790	0.02%	572,932	0.03%	(110,142)	-19.22%
Others	2,216,536	0.12%	5,208,087	0.28%	(2,991,551)	-57.44%
Total Receivables	10,254,673	0.54%	31,747,822	1.70%	(21,493,149)	-67.70%
Allowance for impairment losses	961,368	-0.05%	961,368	-0.05%	0	0.00%
Total Receivables-Net	9,293,305	0.49%	30,786,454	1.65%	(21,493,149)	-69.81%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of fin. assets at FVOCI	500,200	0.03%	582,302	0.03%	(82,102)	-14.10%
Prepaid expenses & other current assets:						
Others	4,926,129	0.26%	4,876,296	0.26%	49,833	1.02%
Input Tax	28,674,297	1.50%	29,655,376	1.59%	(981,079)	-3.31%
Prepaid Income Tax	1,210,210	0.06%	1,210,210	0.06%	0	0.00%
Total Prepaid expenses & other current assets	34,810,636	1.82%	35,741,882	1.91%	(931,246)	-2.61%
Total Current Assets	730,070,303	38.13%	751,656,356	40.12%	(21,586,053)	-2.87%
Non-current Assets						
Convertible notes receivable	42,121,200	2.20%	42,121,200	2.25%	0	0.00%
Investments in associates	278,910,706	14.57%	278,910,706	14.89%	0	0.00%
Financial assets at FVOCI	386,616,118	20.19%	350,059,907	18.68%	36,556,211	10.44%
Investment in properties	378,085,333	19.74%	382,487,422	20.40%	(4,402,089)	-1.15%
Property and Equipment						
Building	20,755,943	1.08%	20,755,943	1.11%	0	0.00%
Building Improvements	8,764,062	0.46%	8,764,062	0.47%	0	0.00%
Transportation equipment	7,234,510	0.38%	7,234,510	0.39%	0	0.00%
Furniture and fixtures	3,068,124	0.16%	3,064,597	0.16%	3,527	0.12%
Total Property and Equipment	39,822,639	2.08%	39,819,112	2.13%	3,527	0.01%
Less: Accumulated depreciation	34,420,708	-1.80%	33,780,159	-1.80%	640,549	1.90%
Net Book Value	5,401,931	0.28%	6,038,953	0.33%	(637,022)	-10.55%
Total Property and Equipment	5,401,931	0.28%	6,038,953	0.33%	(637,022)	-10.55%
Deferred income tax assets-net	14,026,106	0.73%	14,026,106	0.75%	0	0.00%
Other Assets – net	79,668,397	4.16%	48,324,598	2.58%	31,343,799	64.86%
Total Non-Current Assets	1,184,829,791	61.87%	1,121,968,892	59.88%	62,860,899	5.60%
TOTAL ASSETS	1,914,900,094	100.00%	1,873,625,248	100.00%	41,274,846	2.20%

LIABILITIES & STOCKHOLDERS' EQUITY	UNAUDITED JUNE 30, 2021	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2021	AUDITED DEC. 31,2020	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2020	INCREASE (DECREASE) AMOUNT JUNE 30, 2021	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2021
Current Liabilities						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	0	0.01%	0	0.00%	0	0.00%
Withholding taxes payable	223,128	0.01%	451,196	0.02%	(228,068)	-50.55%
SSS Premium Payable	19,907	0.00%	16,443	0.00%	3,464	21.07%
HDMF Premium Payable	1,896	0.00%	1,896	0.00%	0	0.00%
Philhealth Premium Payable	10,823	0.00%	10,823	0.00%	0	0.00%
Deposit Payable	7,871,991	0.40%	4,054,602	0.22%	3,817,389	94.15%
Output Vat Payable	1,477,714	0.08%	651,426	0.03%	826,288	126.84%
Accrued expenses	1,706,243	0.09%	1,610,827	0.09%	95,416	5.92%
Total Accounts payable & accrued expenses	11,311,702	0.58%	6,797,213	0.36%	4,514,489	66.42%
Dividends Payable	6,827,293	0.36%	6,827,293	0.36%	0	0.00%
Income Tax Payable	0	0.00%	0	0.00%	0	0.00%
Provision for legal obligation	5,000,000	0.27%	5,000,000	0.27%	0	0.00%
Total Current Liabilities	23,138,995	1.21%	18,624,506	0.99%	4,514,489	24.24%
Non-Current Liabilities						
Deposits payable	0	0.00%	2,726,766	0.15%	(2,726,766)	-100.00%
Retirement benefit obligation	16,606,435	0.87%	16,606,435	0.89%	0	0.00%
Total Non-Current Liabilities	16,606,435	0.87%	19,333,201	1.04%	(2,726,766)	-14.10%
Stockholders' Equity						
Capital stock	481,827,653	25.16%	481,827,653	25.72%	0	0.00%
Additional paid in capital	144,759,977	7.56%	144,759,977	7.73%	0	0.00%
Unrealized gain on fin. assets at FVOCI	(26,562,178)	-1.39%	(25,688,597)	-1.37%	(873,581)	3.40%
Actuarial loss on retirement obligation	(667,428)	-0.03%	(667,428)	-0.04%	0	0.00%
Accumulated share in OCI of associates	74,492,608	3.89%	74,492,608	3.98%	0	0.00%
Treasury shares	(102,094,826)	-5.33%	(102,094,826)	-5.45%	0	0.00%
Retained earnings	1,229,005,337	64.19%	1,190,632,669	63.54%	38,372,668	3.22%
Total Equity Attributable to Stock-holders of the Company	1,800,761,143	94.05%	1,763,262,056	94.11%	37,499,087	2.13%
Minority Interest	74,393,521	3.87%	72,405,485	3.86%	1,988,036	2.75%
Total Stockholders' Equity	1,875,154,664	97.92%	1,835,667,541	97.97%	39,487,123	2.15%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,914,900,094	100.00%	1,873,625,248	100.00%	41,274,846	2.20%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

F & J Prince Holdings Corporation (the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 18, 1971. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including, but not limited to, land, building, condominium units, shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts or obligations of any corporation and associations, domestic or foreign.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares of stock are listed in and traded through the Philippine Stock Exchange, Inc. (PSE). The principal activities of its subsidiaries are described in Note 2.

The registered office address of the Parent Company is 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were authorized for issue by the Board of Directors (BOD) on May 28, 2021.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs, which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis of accounting, except for financial assets at FVTPL and certain investments in debt and equity securities that have been measured at FVOCI (see Notes 7 and 10).

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All amounts presented in Philippine peso have been rounded off to the nearest peso, unless otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries and the Group's interest in associates accounted for under equity method of accounting as at December 31, 2020 and 2019.

Control is achieved when the Group has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), 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.

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components while any resulting gain or loss is recognized in consolidated statement of income. Any investment retained is recognized at fair value.

Transactions involving noncontrolling interest in a subsidiary without a change of control are accounted for as equity transactions. Any excess or deficit of consideration paid over the carrying amount of noncontrolling interest acquired is recognized in equity of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, including intercompany profits and losses, are eliminated.

Details on the subsidiaries as of December 31, 2020 and 2019 are as follows:

	Country of Incorporation	Percentage of Ownership
Magellan Capital Holdings Corporation (MCHC)*	Philippines	94.37%
Pinamucan Industrial Estates, Inc. (PIEI)	Philippines	100%
Malabrigo Corporation (MC)	Philippines	100%
Magellan Capital Realty Development Corporation (MCRDC)**	Philippines	100%
Magellan Capital Trading Corporation (MCTC)**	Philippines	100%

**Intermediate parent company*
***Non-operational since incorporation.*

MCHC

MCHC is a holding company involved in investing real and personal properties of every kind, including, but not limited to, land, buildings, condominium units, shares of stock, bonds, and other securities of any corporation or association, domestic or foreign. MCHC was registered with SEC on November 6, 1990. MCHC has investments in subsidiaries, mainly PIEI, MC, MCRDC and MCTC.

PIEI

PIEI was organized primarily as a real estate developer and was registered with the SEC on May 5, 1993.

MC

MC was organized primarily to purchase, operate, maintain and sell coal mines and their products and by-products. MC was registered with the SEC on August 31, 1993.

MCRDC

MCRDC was organized to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts and obligations of any corporation or corporations, domestic or foreign. MCRDC was registered with the SEC on November 14, 1990 and has been non-operational since incorporation.

MCTC

MCTC was organized to conduct and carry on the business of buying, selling, distributing and marketing at wholesale and retail all kinds of goods, commodities, wares and merchandise. MCTC was registered in the SEC on January 7, 1991 and has been non-operational since incorporation.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the changes in accounting policies explained below.

The Group has adopted amendments to standards, including any consequential amendments to other standards, with date of initial application of January 1, 2020.

Adoption of Amendments to Standards
The Group has adopted the following amendments to standards starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- *Amendments to References to Conceptual Framework in PFRSs* sets out amendments to PFRSs, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- *Definition of a Business (Amendments to PFRS 3, Business Combinations).* The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:

  - confirmed that a business must include inputs and a process, and clarified that:
    - the process must be substantive; and
    - the inputs and process must together significantly contribute to creating outputs;
  - narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

- *Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors).* The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the 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 the definition of material and its application by:

  a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';

  b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

  c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  d) clarifying the explanatory paragraphs accompanying the definition; and

  e) aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

- *Interest Rate Benchmark Reform (Amendments to PFRS 9, Financial Instruments, PAS 39, Financial Instruments: Recognition and Measurement and PFRS 7, Financial Instruments: Disclosures).* The amendments provide temporary exceptions to all hedging relationships directly affected by interest rate benchmark reform - the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The exceptions relate to the following requirements:

  - The highly probable requirement. When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

  - Prospective assessments. When performing prospective assessments, a company shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

- PAS 39 retrospective assessment. An entity is not required to undertake the PAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other PAS 39 hedge accounting requirements, including the prospective assessment.

- Separately identifiable risk components. For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

Amendments to Standards Issued But Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Group has not early adopted the following amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

The Group will adopt the following amendments to standards that are relevant to the Group on the respective effective dates:

Effective January 1, 2022

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets).* The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract – i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards. Improvement relevant to the Group is as follows:

  - *Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9).* The amendment clarifies that for the purpose of performing the '10 percent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the Group complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

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

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to* PFRS 10, *Consolidated Financial Statements and* PAS 28, *Investments in Associates and Joint Ventures).* The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

  The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed 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.

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle;

- Held primarily for the purpose of trading;

- Expected to be realized within twelve months after the reporting period; or

- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;

- It is held primarily for the purpose of trading;

- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent.

Fair Value Measurement
Fair value is the estimated 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 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 best economic interest.

A fair value measurement of a nonfinancial 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: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.
'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, 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' profit amount.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from date of placements and that are subject to an insignificant risk of change in value.

Financial Instruments
Financial Assets
Initial Recognition and Measurement. Financial assets are classified, at initial

recognition, as subsequently measured at amortized cost, FVOCI, and 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 or for which the Group has applied the practical expedient, 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 that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, 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.

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

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

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

The Group's financial assets at amortized cost includes "Cash and cash equivalents", "Receivables", and "Due from related parties" accounts in the consolidated statement of financial position.

Financial Assets at FVOCI With Recycling of Cumulative Gains and Losses (Debt Instruments). The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and

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

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for the financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI is recycled to the consolidated statement of income.

The Group has debt instruments at FVOCI amounting to P191.2 million and P235.9 million as at December 31, 2020 and 2019, respectively (see Note 10).

Financial Assets Designated at FVOCI With No Recycling of Cumulative Gains and Losses Upon Derecognition (Equity Instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of financial asset, in which case, such gains are recorded in the consolidated statement of comprehensive income. Equity instruments designated at FVOCI are not subject to impairment.

The Group elected to classify irrevocably its quoted equity securities under this category amounting to P45.5 million and P64.6 million as at December 31, 2020 and 2019, respectively (see Note 10).

Financial Assets at FVTPL. Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flow that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminated, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value. Gains and losses arising from fair value changes are recognized in consolidated statement of income.

This category includes listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as 'Dividend income' in the consolidated statement of income when the right of payment has been established.

The Group has financial assets at FVTPL amounting to P161.0 million and P248.6 million as at December 31, 2020 and 2019, respectively (see note 7).

Impairment of Financial Assets. The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

The ECL calculation using general approach is composed of three major components - probability of default (PD), loss given default (LGD), and exposure at default (EAD). The 12-month ECL is computed for Stage 1 accounts, while the lifetime ECL is calculated for Stage 2 and Stage 3 accounts. The ECL calculation using simplified approach is computed for Stage 2 and 3 accounts, using lifetime ECL. Accounts with objective evidence of impairment are classified under Stage 3 and shall follow the Group's impairment methodology.

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).

A loss allowance at an amount equal to at least 12-month expected credit losses will be recognized throughout the life of financial assets, thereby reducing the systematic overstatement of interest revenue. A loss allowance at an amount equal to lifetime expected credit losses will be recognized when credit risk has significantly increased since initial recognition, resulting in the timely recognition of expected credit losses.

The Group considers a financial asset in default when contractual payments are 90 days past due and/or it meets certain qualitative criteria. 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss

The Group's financial liabilities include "Accounts payable and accrued expenses", "Dividends payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards).

<u>Derecognition of Financial Instruments</u>

Financial Assets

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 Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay 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.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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 income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position 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. The Group assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investment in associates are accounted for under the equity method.

Under the equity method, the investments in associates are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associates after the date of acquisition. The Group's share of the associates' profit or loss is recognized in the consolidated statement of income. Distributions received from associates reduce the carrying amount of the investment.

Any change in OCI of those investees is presented as part of the consolidated statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate. If the Group's shares of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in its associates. At each reporting date, the Group determines whether there is objective evidence that the investments in associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognize the loss in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

The Group has equity interest in the following associates as of December 31, 2020 and 2019:

	Country of Incorporation	Percentage of Ownership
Pointwest Technologies Corporation (PTC)	Philippines	30%
Business Process Outsourcing International (BPO)	Philippines	35%
Magellan Utilities Development Corporation (MUDC)	Philippines	43%

Investment Properties

Investment properties, comprising a parcel of land and condominium units, are held either to earn rental income or for capital appreciation or both. Investment property pertaining to land is measured at cost, including transaction costs less any accumulated impairment in value.

Investment property pertaining to condominium units is carried at cost less any accumulated depreciation and any impairment in value. Depreciation is computed using straight-line method over the estimated useful life of 25 years.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment, including cost of major inspection, when that cost is incurred and if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

Category	Number of Years
Condominium	25
Condominium improvements	10
Transportation equipment	10
Office furniture, fixtures and equipment	5

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

The residual value and useful lives of property and equipment are reviewed periodically and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited or charged to current operations. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

Impairment of Nonfinancial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset maybe impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognized in consolidated statement of income in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in consolidated statement of income.

Capital Stock and Additional Paid-in Capital

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

Retained Earnings

Retained earnings represent accumulated profit attributable to equity holders of the Group after deducting dividends declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition

Revenue is recognized when control over a product or service is transferred to the customer, or the customer has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Revenue Outside the Scope of PFRS 15
The specific recognition criteria described below must be met before revenue is recognized.

Interest Income
For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the EIR method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend Income
Dividend income is recognized when the Group's right to receive payment is established, which is generally when the investee's BOD approves the dividend.

Rent Income
Rent income arising from operating lease on investment properties is accounted for on a straight-line basis over the noncancelable lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on a straight-line basis. Contingent rents are recognized as revenue in the period in which they are earned.

Other Income
Other income earned outside the normal course business is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when goods are received by and services are rendered to the Group or when the expenses arise.

Retirement Benefits
The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

Past service costs are recognized in the consolidated statement of income on the earlier of:

- The date of the plan amendment or curtailment; and

- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "Retirement benefits" in consolidated statement of income:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements;

- Net interest expense or income

Leases

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight line basis over the lease term in the consolidated statement of income.

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the functional currency spot rates of exchange at the reporting date. Differences arising from settlement or translation of monetary items are recognized in consolidated statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values are determined. The gain or loss arising on translation of nonmonetary items measured at fair values is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in the consolidated statement of comprehensive income or the consolidated statement of income are also recognized in the consolidated statement of comprehensive income or consolidated statement of income, respectively).

Income Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Income Tax

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred income 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 income tax asset to be utilized. Unrecognized deferred income 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 the deferred income tax asset to be recovered.

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

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

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

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

<u>Provisions, Contingent Liabilities and Contingent Assets</u>

Provisions
Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the 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 a provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent Liabilities and Contingent Assets
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 are disclosed when an inflow of economic benefits is probable.

<u>Earnings Per Share (EPS)</u>
Basic EPS amounts are calculated by dividing net income for the year attributable to

equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net income for the year 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 the dilutive potential ordinary shares into ordinary shares.

As at December 31, 2020, 2019 and 2018, the Group does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Segment Reporting

For purposes of Management reporting, the Group's operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker (CODM). Information on the operating segment is presented in Note 19.

Events After the Reporting Period

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

5. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRSs require management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following items are those matters which the Group assess to have significant risks arising from estimation uncertainties:

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:

Determination of Significant Influence over an Investee Company

The Group considers its investments in PTC, BPO and MUDC as investments in associates. The Group concluded that it has more than 20% ownership interest and has significant influence over the operating and financial policies of its investments in associates due to the following:

- representation on the BOD;
- participation in policy-making processes, including participation in decisions about dividends and other distributions; and
- material transactions between the investor and investee

Determining Noncontrolling Interest (NCI) that is Material to the Group
The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's consolidated financial position or results of operations. The Group also considers the nature of the activities of the subsidiary and its relative importance or risk compared to other operations of the Group. Based on management's assessment, it has determined that the NCI in MCHC is not material to the Group.

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

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether market transactions take place with sufficient frequency and volume.

Contractual Cash Flows Assessment
For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Evaluation of Business Model in Managing Financial Instruments
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

<u>Estimates and Assumptions</u>
The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Determination of Fair Values of Financial Instruments
The Group carries and discloses certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., quoted prices, interest rates and foreign exchange rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology.
Where the fair value of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about

these factors could affect the reported fair value of financial instruments.

The fair values of the Group's financial instruments are disclosed in Note 22 to the consolidated financial statements.

Estimating Provision for ECL

The Group uses the general approach to calculate ECL for receivables and amounts due from related parties. The Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date. The information about the Group's ECLs is disclosed in Note 21.

In 2020, the Group did not recognize additional provision for ECLs on its receivables and due from related parties.

As at December 31, 2020, the aggregate allowance for ECLs on receivables and due from related parties amounted to P188.7 million. The receivables and due from related parties, net of allowance for ECLs, amounted to P30.8 million and P23.3 million as at December 31, 2020 and 2019, respectively (see Notes 8 and 17).

Estimating Impairment of Debt Securities Classified as Financial Assets at FVOCI

The Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instruments has increased significantly since initial recognition.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group's debt instrument in FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, 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 ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group recognized impairment loss for debt securities classified as financial assets at FVOCI amounting to nil and P0.7 million in 2020 and 2019, respectively (see Note 10). The carrying value of debt securities classified as financial assets at FVOCI amounted to P191.2 million and P235.9 million as at December 31, 2020 and 2019, respectively.

Estimating Impairment of Investments in Associates

The Group performs an impairment review on its investments in associates whenever an impairment indicator exists. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Group to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows.

The carrying amount of investments in associates amounted to P278.9 million and P277.6 million as at December 31, 2020 and 2019, respectively. Allowance for impairment losses on the Group's investments in associates amounted to P94.8 million as at December 31, 2020 and 2019 (see Note 9).

Estimating Impairment of Nonfinancial Assets
The Group determines whether prepayments and other current assets, investments in associates, property and equipment, investment properties, and other noncurrent assets are impaired whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;

- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and

- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The Group has not identified any events or changes in circumstances that would indicate an impairment of its nonfinancial assets as of December 31, 2020 and 2019 as follows:

	Note	**2020**	2019
Prepayments and other current assets		**P36,898,924**	P33,303,803
Property and equipment	*11*	**6,038,953**	7,283,121
Investment properties	*12*	**382,487,422**	391,291,609
Other noncurrent assets		**48,324,597**	2,877,538
		P473,749,896	P434,756,071

Estimating Realizability of Deferred Income Tax Assets
Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income

together with future tax planning strategies. The Group did not recognize deferred income tax assets on its deductible temporary differences amounting to P250.6 million as of December 31, 2020 and 2019 as management believes that sufficient future taxable income will not be available to allow all or part of the deferred income tax asset to be utilized (see Note 15).

Estimating Provision for Legal Obligation
The estimate of provision for legal obligation has been developed by management. The management currently does not believe the provision will have a material adverse effect on its consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates of provisions. In 2011, the Group recognized provision for legal obligation amounting to P5.0 million for claim arising from lawsuit which is either awaiting decision by the courts or is subject to settlement obligations (see Note 20). No additional provisions were recognized in 2020 and 2019.

6. Cash and Cash Equivalents

	June, 2021	2020
Cash on hand and with banks	**P70,326,906**	P123,541,916
Short-term placements	**402,014,501**	399,997,325
	P472,341,407	**P523,539,241**

Cash in banks earns interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States Dollar (USD) and Philippine peso, made for varying periods of up to three months or less subject to roll-over requirements of the Group, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 0.6% to 3.8% in 2020 and 1.5% to 6.2% in 2019.

Interest income earned from these bank deposits and short-term placements amounted to P7.9 million, P18.9 million and P13.6 million in 2020, 2019 and 2018, respectively.

7. Financial Assets at FVTPL

Financial assets at FVTPL consist of listed securities which are traded in the PSE, New York Stock Exchange (NYSE) and Hong Kong Stock Exchange (HKEx). Fair values of listed equity securities are based on quoted market prices in the PSE, NYSE and HKEx.

The carrying value of financial assets at FVTPL includes cumulative unrealized gain on fair value changes amounting to P50.7 million and P55.1 million as at December 31, 2020 and 2019.

As of June 30, 2021, the financial assets at FVTPL is valued at P213,124,755.

Dividend income earned on investments in financial assets at FVTPL amounted to P2.9 million, P4.0 million and P1.4 million in 2020, 2019 and 2018, respectively.

The Group recognized gain on disposal of financial asset at FVTPL amounting to P21.9 million, P0.1 million and nil in 2020, 2019 and 2018, respectively.

8. Receivables - net

	Note	June, 2021	2020
Third parties:			
Accrued interest		P3,990,598	P4,478,337
Rent receivables	22	1,590,729	5,135,245
Others		625,447	69,841
Balances at end of year		6,206,774	9,683;423
Less allowance for expected credit losses		(961,368)	961,368
		P5,245,406	P8,722,055

Accrued interest from third parties pertain to interests earned on investments in short-term placements, short-term investments and debt securities classified as financial assets at FVOCI that are expected to be collected within one year.

9. Investments in Associates - net

	June, 2021	2020
Acquisition cost	P193,760,135	P193,760,135
Accumulated equity in net earnings:		
As at beginning of year	178,669,649	178,669,649
Share in net income (losses) of associates	32,071,045	32,071,045
Dividends declared by associates	(14,403,360)	(14,403,360)
Share in OCI of associates	419,894	419,894
Cumulative translation adjustment	(16,776,528)	(16,776,528)
As at end of year	179,980,700	179,980,700
	373,740,835	373,740,835
Less allowance for impairment losses	(94,830,129)	(94,830,129)
	P278,910,706	P278,910,706

The Group has equity interest in the following associates as of December 31:

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investment	
			2020	2019
MUDC	Philippines	43%	**94,830,129**	P94,830,129
Less allowance for impairment losses			(94,830,129)	(94,830,129)
			-	-
PTC	Philippines	30%	**203,003,334**	207,396,660
BPO	Philippines	35%	**75,907,372**	70,358,809
			278,910,706	P277,755,469

10. Financial Assets at FVOCI

	June, 2021	2020
Quoted:		
Debt securities - at fair value; net of allowance for impairment loss of P2.1 million in 2020 and 2019	**P227,590,816**	P191,116,707
Equity securities	**45,475,225**	45,475,225
Unquoted equity securities	**114,050,277**	114,050,277
	387,116,318	350,642,209
Less current portion	**500,200**	582,302
	P386,616,118	P350,059,907

Movements in financial assets at FVOCI financial assets are as follows:

	2020	2019
Balance beginning of the year	**P300,512,853**	P431,031,604
Additions	**115,288,123**	15,506,600
Changes recognized in profit or loss	**20,154,411**	(8,216,708)
Net unrealized valuation loss	**(8,982,660)**	(43,803,871)
Disposals	**(76,330,518)**	(94,004,772)
Balances at end of year	**P350,642,209**	P300,512,853

Investments in debt securities are denominated in various foreign currencies and are stated at fair value based on quoted prices. Changes in market values are included in the consolidated statement of comprehensive income. The debt securities bear fixed interest rates ranging from 4.55% to 9.63% in 2020 and 4.38% to 13.63% in 2019. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

Investments in equity securities carried at fair value consist of investments in quoted and unquoted shares of stock which the Group has neither control nor significant influence.

The fair market values of the listed shares are determined by reference to published quotations in an active market as at December 31, 2020 and 2019. For unlisted shares of stocks that do not have readily available market values, the Group uses valuation for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Movements in the net unrealized valuation gains on financial assets at FVOCI financial assets are as follows:

	2020	2019
Balance at beginning of year	**(P13,073,284)**	P23,979,813
Changes in fair value	**(3,191,462)**	(34,163,736)
Disposals	**(4,314,224)**	(3,563,773)
Expected credit losses	-	674,413
Balances at end of year	**(P20,578,970)**	(P13,073,284)

Allowance for expected credit losses on financial assets at FVOCI debt instruments financial assets amounted to P2.1 million as of December 31, 2020 and 2019.

Net unrealized valuation losses on financial assets at FVOCI attributable to equity holders of the Parent Company amounted to P7.1 million and P18.5 million in 2020 and 2019, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to P13.4 million, P17.4 million and P19.5 million in 2020, 2019 and 2018, respectively, presented as "Interest income" in the consolidated statement of income.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to P0.8 million, P0.9 million and P0.7 million in 2020, 2019 and 2018, respectively.

The Group disposed of certain financial assets at FVOCI and recognized a gain (loss) from disposal amounting to (P2.1 million), P3.9 million and (P1.3 million) in 2020, 2019 and 2018, respectively.

11. Property and Equipment – net

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	June, 2021 Total
Cost					
January 1, 2021	20,755,943	8,764,062	7,234,508	3,064,599	39,819,112
Additions	-	-	-	3,527	3,527
Disposals	-	-	-	-	-
June 30, 2021	20,755,943	8,764,062	7,234,508	3,068,126	39,822,639
Accumulated Depreciation					
January 1, 2021	16,812,626	8,528,374	5,569,575	2,869,584	33,780,159
Depreciation and amortization	415,118	35,274	166,384	23,774	640,550
June 30, 2021	17,227,744	8,563,648	5,735,959	2,893,358	34,420,709
Carrying Amounts					
June 30, 2021	**P3,528,199**	**P200,414**	**P1,498,549**	**P174,768**	**P5,401,930**

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	2020 Total
Cost					
January 1, 2019	P20,755,943	P8,764,062	P10,263,079	P2,865,479	P42,648,563
Additions	-	-	-	9,567	9,567
December 31, 2019	20,755,943	8,764,062	10,263,079	2,875,046	42,658,130
Additions	-	-	-	189,553	189,553
Disposals	-	-	(3,028,571)	-	(3,028,571)
December 31, 2020	**20,755,943**	**8,764,062**	**7,234,508**	**3,064,599**	**39,819,112**
Accumulated Depreciation					
January 1, 2019	15,152,152	8,387,280	7,337,618	2,844,432	33,721,482
Depreciation and amortization	830,237	70,547	743,595	9,148	1,653,527
December 31, 2019	15,982,389	8,457,827	8,081,213	2,853,580	35,375,009
Depreciation and amortization	830,237	70,547	411,695	16,004	1,328,483
Disposals	-	-	(2,923,333)	-	(2,923,333)
December 31, 2020	**16,812,626**	**8,528,374**	**5,569,575**	**2,869,584**	**33,780,159**
Carrying Amounts					
December 31, 2020	**P3,943,317**	**P235,688**	**P1,664,933**	**P195,015**	**P6,038,953**
December 31, 2019	P4,773,554	P306,235	P2,181,866	P21,466	P7,283,121

Cost of fully depreciated property and equipment that are still in use amounted to P15.3 million in 2020 and 2019.

Management believes that there is no indication of impairment loss that has occurred on its property and equipment.

12. Investment Properties – net

	Land	Condominium	June,2021 Total
Cost			
January 1, 2021	46,319,625	395,755,001	442,074,626
Additions	-	-	-
June 30, 2021	46,319,625	395,755,001	442,074,626
Accumulated Depreciation			
January 1, 2021	-	59,587,203	59,587,203
Depreciation	-	4,402,089	4,402,089
June 30, 2021	-	63,989,292	63,989,292
Carrying Amounts			
June 30, 2021	P46,319,625	P331,765,709	P378,085,334

	Land	Condominium	2020 Total
Cost			
January 1, 2019	P46,319,625	P395,565,125	P441,884,750
Additions	-	189,876	189,876
December 31, 2019	46,319,625	395,755,001	442,074,626
Additions	-	-	-
December 31, 2020	46,319,625	395,755,001	442,074,626
Accumulated Depreciation			
January 1, 2019	-	41,987,196	41,987,196
Depreciation	-	8,795,821	8,795,821
December 31, 2019	-	50,783,017	50,783,017
Depreciation	-	8,804,186	8,804,186
December 31, 2020	-	59,587,203	59,587,203
Carrying Amounts			
December 31, 2020	**P46,319,625**	**P336,167,797**	**P382,487,422**
December 31, 2019	P46,319,625	P344,971,984	P391,291,609

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to P23.3 million, P25.1 million and P23.2 million in 2020, 2019 and 2018, respectively (see Note 20). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to P11.3 million, P10.8 million and P11.0 million in 2020, 2019 and 2018, respectively.

The assessed fair value of the investment properties amounted to P1,763.1 million and P1,316.6 million as at December 31, 2020 and 2019, respectively. The fair values of the investment properties in 2020 are based on valuations performed by an accredited independent valuer. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

13. Accounts Payable and Accrued Expenses

	June, 2021	2020
Current portion of deposits payable	P7,871,991	P3,293,050
Payables to the government	1,744,146	1,671,889
Accounts payable	1,163,981	1,180,848
Accrued professional fees	531,584	651,426
Deferred rental income	-	-
	P11,311,702	P6,797,213

Deposits payable pertain to deposits made by tenants for the lease of an insignificant portion of the Group's condominium spaces and will be refunded to the lessee after the lease term.

Accounts payable are generally noninterest-bearing payables to third party contractors with a credit term of 30 days.

14. Retirement Benefit Obligation

The existing regulatory framework, Republic Act (RA) No. 7641, otherwise known as *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 Group has an unfunded defined benefit pension plan covering substantially all its regular employees. Retirement benefits under the plan are based on a percentage of latest monthly salary and years of credited service.

The table below summarizes the components of retirement benefit expense recognized in the consolidated statement of income, the remeasurement effects recognized in the consolidated statement of comprehensive income and the amounts recognized in the consolidated statement of financial position.

	2020	2019
Balances at beginning of year	**P18,344,610**	P12,927,729
Retirement benefit expense in profit or loss		
Current service cost	**827,606**	881,065
Interest costs	**881,678**	942,345
	1,709,284	1,823,410
Benefit paid		
Remeasurement losses (gains) in OCI		
Experience adjustment	**(3,734,360)**	3,364,354
Changes in financial assumption	**286,901**	459,210
	(3,447,459)	3,823,564
Balances at end of year	**P16,606,435**	P18,344,610

Actuarial gains (losses) on retirement benefit obligation attributable to the equity holders of the Parent Company amounted to P2.3 million and P2.5 million in 2020 and 2019, respectively.

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2020	2019
Discount rate	**4.00%**	7.00%
Salary increase rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2020 and 2019, assuming if all other assumptions were held constant:

		Effect on defined Benefit Obligation	
		2020	2019
Discount rate	+50 basis points	**(P125,928)**	(P102,264)
	-50 basis points	**137,199**	109,452
Future salary increase	+50 basis points	**100,939**	71,365
	-50 basis points	**(91,271)**	(65,234)

The average duration of the retirement benefit obligation as at December 31, 2020 and 2019 is 6 years and 5 years, respectively.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2020	2019
More than 1 year to 5 years	**P16,766,632**	P19,184,268
More than 5 years to 10 years	**777,059**	380,825
More than 10 years to 15 years	**-**	351,459
More than 15 years to 20 years	**5,925,493**	5,333,933
	P23,469,184	P25,250,485

15. Income Taxes

The Group's provision for current income tax in 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Regular corporate income tax	**P4,379,972**	P10,642,931	P3,618,264
Final tax interest income	**1,406,778**	3,712,380	2,446,789
Deferred tax expense (benefit)	**(3,125,469)**	(4,261,351)	1,826,571
	P2,661,281	P10,093,960	P7,891,624

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in profit or loss is as follows:

	2020	2019	2018
At statutory tax rate of 30%:	**P13,847,911**	P13,123,005	P6,293,250
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	**3,773,162**	4,001,918	2,888,469
Interest income already subjected to final tax	**(2,128,431)**	(5,107,159)	(1,567,615)
Equity in net losses (earnings) of associates	**(9,621,314)**	(1,603,222)	4,191,661
Nontaxable dividend income	**(3,210,047)**	(320,582)	(125,071)
Movement in unrecognized net deferred income tax asset	**-**	-	(3,789,070)
	P2,661,281	P10,093,960	P7,891,624

No deferred income tax assets were recognized for the following deductible temporary differences as it is not probable that sufficient taxable profits will be available to allow the benefit of the deferred income tax assets to be utilized:

	2020	2019
Allowance for impairment losses on due from related parties	**P150,796,579**	P150,796,579
Allowance for impairment losses on investment in an associate	**94,830,129**	94,830,129
Provision for legal obligation	**5,000,000**	5,000,000
	P250,626,708	P250,626,708

16. Equity

a. Common Stock

In accordance with Revised SRC Rule 68, Annex 68-D, below is a summary of the Group's track record of registration of securities.

	Number of Shares Registered	Issue/Offer Price	Date of Approval
Common shares	1,000,000,000	P0.01	December 8, 1982
Common shares	9,000,000,000	0.01	July, 28,1997

The details of the Group's capital stock are as follows:

	2020	2019
Common stock - P1 par value		
Class A		
Authorized - 600 million shares		
Issued - 292,610,118 shares	**P292,610,118**	P292,610,118
Class B		
Authorized - 400 million shares		
Issued - 189,217,535 shares	**189,217,535**	189,217,535
	P481,827,653	P481,827,653

17. Related Party Transactions

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

A summary of outstanding balances and transactions with related parties, net of allowance for impairment loss and presented under "Due from related parties" account, are as follows:

	Years	Transactions during the year	Outstanding Balances	Terms	Conditions
Associates:					
BPO					
Rent Income	**June 2021**	**P706,206**	**P18,338**	On demand; noninterest	Unsecured;
	2020	1,406,805	150,163	-bearing	Unimpaired
Payroll service expense	**June 2021**	**31,275**	**-**	On demand; noninterest	Unsecured;
	2020	112,847	-	-bearing	Unimpaired
Dividends	**June 2021**	**3,499,974**	**3,585,109**	On demand; noninterest	Unsecured;
	2020	**3,499,974**	**10,499,923**	-bearing	Unimpaired
PTC					
Dividends	**June 2021**	**10,903,386**	**-**	On demand; noninterest	Unsecured;
	2020	**10,903,386**	**10,903,386**	-bearing	Unimpaired
MUDC					
Advances	**June 2021**	**17,768**	**109,395**	On demand; noninterest	Unsecured;
	2020	**36,582**	**91,627**	-bearing	Unimpaired

Under Common Control					
Other related parties					
Advances	June 2021	1,416	335,558	On demand; noninterest -bearing	Unsecured; Unimpaired
	2020	13,556	419,300		
	June 2021		4,048,400		
	2020		22,064,399		

The related party transactions are settled in cash.

Movements of due from related parties, net of expected credit losses, are as follows:

	2020	2019
Receivables from related party	**P189,321,032**	P189,185,737
Dividends receivables	**21,403,309**	16,885,116
	210,724,341	206,070,853
Allowance for expected credit losses	**(188,659,942)**	(188,659,942)
	P22,064,399	P17,410,911

Allowance for impairment loss is mainly attributable to advances to MUDC, among others.

Compensation of the key management personnel are as follows:

	2020	2019
Salaries and wages	**P8,493,141**	P8,493,141
Other benefits	**1,415,524**	1,415,524
	P9,908,665	P9,908,665

18. Earnings Per Share

The following table presents information necessary to compute the basic/dilutive EPS:

	2020	2019	2018
Net income attributable to equity holders of the parent	**P43,024,955**	P32,205,281	P12,088,289
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**383,721,537**	383,959,910	384,033,808
Basic and diluted earnings per share	**P0.11**	P0.08	P0.03

The Group has no potential dilutive instruments issued as of December 31, 2020, 2019 and 2018. Hence, diluted EPS is the same as basic EPS.

19. Segment Information

The primary purpose of the Group is to invest in real and personal properties. The Group operates mainly in one reportable business segment which is investing and one reportable geographical segment which is the Philippines.

20. Commitments and Contingencies

a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to P23.3 million, P25.1 million and P20.8 million in 2020, 2019 and 2018, respectively (see Note 12). The lease agreements have terms of one to two years and can be renewed upon the written agreement of the Group and the lessees. Deposit payable made by the tenants amounting to P6.0 million and P9.8 million as at December 31, 2020 and 2019, respectively, will be returned to the lessees after the lease term. The future minimum rental income as at December 31, 2020 and 2019 are as follows:

	2020	2019
Within one year	**P7,089,129**	P19,479,095
After one year but not more than 5 years	**2,186,250**	23,074,971
	P9,275,379	P42,554,066

b. As at December 31, 2020 and 2019, the Group recognized provision for legal obligation amounting to P5.0 million, for claims arising from lawsuit filed by a third party, which is awaiting decision by the courts. Probable cost has been estimated in consultation with the Group's legal counsel. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have material adverse impact on the Group's consolidated financial position and results of operations.

21. Fair Value of Financial Instruments

The Group has determined that the carrying amounts of cash and cash equivalents, receivables, due from related parties, accounts payable and accrued expenses and dividends payable, based on their notional amounts, reasonably approximate their fair values because these are short-term in nature.

Fair values of financial assets at FVTPL and quoted financial assets at FVOCI are based on price quotations as at December 31, 2020 and 2019.

22. Capital Management

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

The Group manages its capital structure, which pertains to its equity, and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

The total core capital considered by the Group as of December 31, 2020 and 2019 are as follows:

	2020	2019
Common stock	P481,827,653	P481,827,653
Additional paid-in capital	144,759,977	144,759,977
Retained earnings	1,190,632,669	1,185,978,066
Treasury shares	(102,094,826)	(101,969,326)
	P1,715,193,239	P1,710,596,370

23. Changes in Liabilities Arising from Financing Activities

The following shows the changes in the Group's liabilities arising from its financing activities in 2020 and 2019:

	Note	As at January 1, 2021	Cash Flows	Dividend Declaration	As at June 30, 2021
Dividends payable	*18*	**P6,235,209**	**(P37,778,268)**	**P38,370,352**	**P6,827,293**

	Note	As at January 1, 2020	Cash Flows	Dividend Declaration	As at December 31, 2020
Dividends payable	*18*	**P6,235,209**	**(P37,778,268)**	**P38,370,352**	**P6,827,293**

24. Events After the Reporting Date

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Group:

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

b) MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

d) Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior Bureau of Internal Revenue (BIR) ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.

On April 8, 2021, the BIR issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by RA No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Internal Revenue Code (NIRC) of 1997, as Amended, Relative to the Final Tax on Certain Passive Income.

- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of RA No. 11534 or the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended.

- BIR RR No. 4-2021, Implementing the Provisions on VAT and Percentage Tax Under RA No. 11534 or the CREATE Act Which Further Amended the NIRC of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended

- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant RA No. 11534 or the CREATE Act, Which Further Amended the NIRC of 1997.

The enactment of the CREATE Act is a non-adjusting subsequent event thus, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates as at December 31, 2020.

Following the issuance of RR No. 5-2021, the corporate income tax of the Parent Company and subsidiaries will be lowered from 30% to 25% or 20%, depending on their taxable income, effective July 1, 2020.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2021

Name	Beginning Balance	Additions	Deductions		Current 30 days	60 days or over	Over 120 days	Ending Balance
			Amount Collected	Amount Written-Off				
Magellan Capital Realty Development Corp.	52,370	1,008			300	0	53,078	53,378
Magellan Capital Corporation	329,636	708				0	330,344	330,344
Magellan Capital Trading Corporation	53,420	708				0	54,128	54,128
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	10,499,923	790,950	4,422,749				6,868,124	6,868,124
Pinamucan Power Corporation	33,834	708				0	34,542	34,542
Pointwest Technologies Corporation	10,903,386	458,490	10,903,386		458,490		0	458,490
Others	0							0
	21,872,569	1,252,572	15,326,135		458,790	0	7,340,216	7,799,006

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Peter L. Kawsek, Jr**, Filipino, of legal age and resident of 415 Arayat Street, Mandaluyong City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of F & J Prince Holdings Corporation and have been its independent director since September 28, 2020.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Apo International Marketing Corporation	President	From 1980 to Present
Kawsek, Incorporated	Vice President	From 1980 to Present
PNZ Marketing, Inc.	President	From1981 to Present
PNZ Packers, Inc.	President	From 1981 to Present
Bekter Ventures, Inc.	President	From 2007 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of F & J Prince Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other issuances of the Securities and Exchange Commission (SEC).

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

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of F & J Prince Holdings Corporation of any changes in the above-mentioned information within five days from its occurrence.

Done, this ______ day of JUL 26 2021 2021, at City of MAKATI CITY.

PETER L. KAWSEK, JR.
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of JUL 26 2021 2021 at City of MAKATI CITY, affiant personally appeared before me and exhibited his ______________________ issued at ______________________ on ___________________.

NOTARY PUBLIC

ATTY. JOSHUA P. LAPUZ
Notary Public for and in Makati City
Appointment No. M-66 until 12/31/2021
PTR No. 8531012, Jan. 4, 2021 until Dec. 31 2021 Makati City
Roll No. 45790, IBP Lifetime N. 04897
MCLE No.VI-0016565 / Jan. 14, 2019
G/F Fedman Suites 199 Salcedo Street
Legaspi Village, Makati City

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My Docs>F&J>2021 Files>SEC Form 20-IS
Certification of Independent Director>PLKawsek, Jr.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Charlie K. Chua**, Filipino, of legal age and resident of 180 4th Avenue, Caloocan City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of F & J Prince Holdings Corporation and have been its independent director since September 28, 2020.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Highland Tractor Parts, Inc.	Vice President	27 years
CKL Marketing & Dev't. Corp.	President	27 years
Skywell Holding Corporation	President	14 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of F & J Prince Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other issuances of the Securities and Exchange Commission (SEC).

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

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of F & J Prince Holdings Corporation of any changes in the above-mentioned information within five days from its occurrence.

Done, this ______ day of JUL 2 6 2021 ______ 2021, at City of MAKATI CITY ______.

Charlie K. Chua

CHARLIE K. CHUA
Affiant

MAKATI CITY JUL 2 6 2021

SUBSCRIBED AND SWORN to before me this _____ day of ______________ 2021 at City of ________________, affiant personally appeared before me and exhibited his ____________________ issued at ____________________ on __________________.

NOTARY PUBLIC

ATTY. JOSHUA P. LAPUZ
Notary Public for and in Makati City
Appointment No. M-66 until 12/31/2021
PTR No. 8531012, Jan. 4, 2021 Until Dec. 31 2021 Makati City
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Legaspi Village, Makati City

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F & J Prince Holdings Corporation

Memorandum: CORPORATE ACTIONS TAKEN FOR 2020

DATE	ACTION TAKEN
February 28, 2020 **(Regular Board Meeting)**	**a) Date of Annual Stockholders' Meeting** "Resolved, that the President of the Corporation is hereby authorized to set the date of the Annual Stockholders' Meeting for the year 2020; "Resolved further, that for this purpose, Robert Y. Cokeng, President, be as he is hereby authorized to represent the Corporation as well as to sign, execute and deliver any and all documents as may be necessary to be executed in implementation of the foregoing." **b) Engagement of PSTI as Stock & Transfer Agent vice RCBC** "Resolved, that the Corporation engage the service of Professional Stock Transfer, Inc. (PSTI) as the Corporation's Stock and Transfer Agent to replace RCBC; "Resolved further, that the Corporation's President, Robert Y. Cokeng and/or Treasurer, Mark K. Cokeng be as they are hereby authorized to sign, execute and deliver any and all documents in connection with this engagement." **c) Approval of Audited Financial Statements** "Resolved, that the President, Mr. Robert Y. Cokeng, is hereby authorized to approve the Audited Financial Statement for the year ending December 31, 2019 and to approve its release by the Company's External Auditor, SGV & Co., pursuant to the reportorial requirements of the BIR and SEC, be, as it hereby, confirmed and ratified."

	d) Sale of Volvo S80 Sedan "Resolved, that the Corporation, sell and transfer its motor vehicle described below: Owner : F&J Prince Holdings Corporation Make : Volvo Type : Sedan Chassis No: YV1TS49K9Y1117242 Engine No : B5204T-1962726 Plate No : LMK-333 MV File No: 1308-213274 "Resolved further that the Corporation's President Robert Y. Cokeng, or the Corporation's Treasurer Mark Ryan K. Cokeng be,as any one of them is hereby authorized to sign, execute and deliver any and all documents necessary to implement the sale of the above described motor vehicle."
August 13, 2020 (Audit Committee Meeting)	**a) Recommendation by Management of new External Auditor** "Resolved, that KPMG – R.G. Manabat & Co. be recommended as the Company's new External Auditor for the fiscal year January to December 2020." **b) Presentation of Audited 2019 Financial Statement and 2020 First Quarter and 2020 Second Quarter Financial Statements** "Resolved, that the authority of the President, Mr. Robert Y. Cokeng, to approve the Audited Financial Statements for the year ending December 31, 2019 and to approve its release by the Company's External Auditor, SGV & Co., pursuant to the reportorial requirements of the BIR and SEC be, as it is hereby, confirmed and ratified."

August 13, 2020 (Nomination Committee Meeting)	a) **Nomination of Ms. Katrina K. Cokeng** "Resolved, that Ms. Katrina Marie K. Cokeng be nominated as member of the Board of Directors of F&J Prince Holdings Corporation for the fiscal year 2020; Resolved further, that the aforesaid nomination be submitted to the Corporation's stockholders during the annual election to be held during the Annual Stockholders' Meeting on September 28, 2020."
August 18, 2020 (Regular Board Meeting)	a) **Declaration of Cash Dividends** "Resolved, that there is hereby declared out of the Corporation's unrestricted retained earnings a cash dividend of a total of Ten Centavos (P0.10) per share, to stockholders of record as of September 3, 2020 ("the Record Date"), payable on or before September 29, 2020." b) **Opening of Interactive Brokers Account** "Resolved, as it is hereby resolved, that the Corporation be authorized to open an account with Interactive Brokers, LLC, under such terms and condition; "Resolved further, that the Corporation, on its own behalf, or, if the Account is in the name of another entity, of which the corporation is a general partner, managing member or other authorized representative, on behalf of that entity, has authorized and directed the officers or agents below to establish and one or more accounts (each, an "Account"), and to engage in any of the transactions hereinafter described, with or through Interactive Brokers, LLC and/or its current or future affiliated brokerage companies (collectively "Interactive Brokers"); Further resolved, that the Corporation, on its own behalf, or, if the Account is in the

	name of another entity, of which the corporation is a general partner, managing member or other authorized representative, on behalf of that entity is hereby authorized and empowered to purchase, hold, pledge, exercise, convert, tender, redeem, exchange, transfer, assign, sell, enter into, write, issue and otherwise deal and trade, singly or in combination, in any of the investment or trading products selected during the Interactive Brokers Account application or anytime thereafter, including but not limited to: securities, commodities, metals, futures, mutual funds, hedge funds and other collective investments, exchange-traded products, indices, foreign currencies and related instruments of any kind, options, warrants, derivatives, contracts for differences, exchanges-for-physicals, swaps, international transactions in any of the foregoing and any transactions that is similar to any of the transactions described above, any combinations of these transactions or any other transaction, whether or not described in this resolution; Resolved finally, that any transactions or agreements of any kind relating to any Account effected prior to the adoption of these resolutions are hereby unconditionally ratified in all respects; Resolve, that the Chairman, Robert Y. Cokeng, is hereby authorized to execute the Agreements and documents necessary to implement the foregoing." **c) Signatories of the Manual on Corporate Governance** "Resolved, that the company, in compliance with SEC Memorandum Circular No. 19, series of 2020, Is mandated to submit a new Manual on Corporate Governance (MCG) before September 30, 2020, the extended deadline given by SEC; "Resolved further, that the company's

	Chairman of the Board and Compliance officer shall be the signatories of the Manual on Corporate Governance (MCG)." **d) Investment in Xen Technologies** "Resolved, that the Corporation invest US$300,000 in the convertible note issue of Xen Technologies PTE Ltd on terms to be negotiated by management and that the President, Robert Y. Cokeng and the Treasurer, Mark Ryan K. Cokeng are authorized to execute the necessary documents to effect said investment."
September 28, 2020 (Annual Stockholders Meeting and Organizational Board Meeting)	**a) Election of Corporate Officers and members of the Committee:** Robert Y. Cokeng – Chairman & President Ponciano K. Mathay – Senior Vice President & Compliance Officer Johnson U. Co – Vice President for Administration Mark Ryan K. Cokeng – Treasurer Fina Bernadette D.C. Tantuico – Corporate Secretary Audit Committee: Peter L. Kawsek, Jr – Chairman/Independent Director Robert Y. Cokeng Mark Ryan K. Cokeng Johnson Tan Gui Yee Rufino B. Tiangco Nomination Committee: Robert Y. Cokeng – Chairman Mark Ryan K. Cokeng Johnson U. Co Johnson Tan Gui Yee Charlie K. Chua – Independent Director Compensation Committee: Robert Y. Cokeng – Chairman Johnson U. Co Mark Ryan K. Cokeng Rufino B. Tiangco Charlie K. Chua

December 23, 2020 (Special Board Meeting)	a) **Sps Mario and Preciosa Roño Compromise Agreement** The Spouses Roño have defaulted on the Compromise Agreement as the last 3 checks totaling ₱2,499,999.00 were dishonored due to insufficient funds. After some discussion it was proposed that the Roños be allowed to pay the remaining balance with interest at 10% per annual until the amount is fully paid. Otherwise, management is authorized to refile the criminal and civil cases with the appropriate court. b) **BGC Building** After discussion with BCDA on whether they have available FARS for sale, we have been informed that BCDA's available FARS are far from residential and institutional lots and not mixed-use lots which is the classification of MCHC's BGC lot. However, we have requested CASAS Architecture to check if we can use the additional FARs for residential units which is permissible for mixed-use lots. Pending resolution of this matter, the building plan cannot be finalized. c) **Operations Report** The President reported on the results of the operations for the first 9 months of 2020 ending September 30, 2020. The Company reported a Net Income of ₱27.3 million in the first 9 months of 2020 compared to a Net Income of ₱30.0 million in the first 9 months of 2019. The President reported that Pointwest Technologies Corporation, a 30% owned associate of the Company has turned around its operations and is profitable in 2020 compared to losses in 2019 and 2018. However, this was offset by unrealized loss on financial assets at FVPL and net foreign exchange losses.

	d) **Authorization to approve the Audited Financial Statements** Because of time constraints and SEC deadlines, it was resolved to authorize the Audit Committee and the President to approve the Audited Financial Statements for 2020 to be ratified at a subsequent Board Meeting.

DIRECTORY/BANKERS

EXECUTIVE OFFICES:
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8741 Paseo de Roxas, Makati City 1226
Tel. Nos.: 88927133 • 88927137 •
88929443

LEGAL COUNSEL:
ATTY. FINA BERNADETTE D.C. TANTUICO
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

AUDITORS:
KPMG – R.G. MANABAT & CO.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City

TRANSFER AGENT:
PROFESSIONAL STOCK TRANSFER, INC. (PSTI)
10th Floor, Telecom Plaza,
316 Sen. Gil Puyat Avenue, Makati City

LISTED AT:
THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Plaza, Ayala Triangle
Ayala Avenue, Makati City

BANKERS:

BANK OF SINGAPORE
22nd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

BANK OF THE PHILIPPINE ISLANDS
Ortigas Branch
Benpres Building, Ortigas Center
Pasig City

CHINA BANKING CORPORATION
Balintawak-Boni Branch
Balintawak, Quezon City

BDO PRIVATE BANK
Mezzanine Floor, BDO Executive Tower
8751 Paseo de Roxas, Makati City

METROPOLITAN BANK & TRUST CO.
Meralco Branch
Ground Floor, Ortigas Building
Ortigas Avenue, Pasig City

CASH DEPOSIT SLIP

CASH DEPOSIT SLIP

LANDB NK

For transactions amounting to more than P500,000.00, please indicate source of fund.

F&J PRINCE HOLDINGS CORP.

DEPOSITOR / REPRESENTATIVE
(Signature over printed name)

CONTACT NUMBER:

ACCOUNT NAME: SECURITIES & EXCHANGE COMMIS

DATE: 8-5-21

ACCOUNT NUMBER: 0552105257

BRANCH OF ACCOUNT (for interbranch deposit)

Check one (1) applicable box below. Please use separate deposit slip for each type of currency.

☑ PESO ☐ JPY ☐ Others: ______
☐ EURO ☐ US $

TOTAL DEPOSIT
(in words) SEVEN THOUSAND FIVE ONLY
(in figures) 7,500
Please accomplish details of deposit at the back.

Teller's Validation
T5 2JEV 05AUG2021 11:16:44 0552-1052-57 SECURITIES AN
0700 CCASH P7,500.00

THIS DEPOSIT IS SUBJECT TO THE TERMS AND CONDITIONS COVERING THIS ACCOUNT.

REVISED OCTOBER 2018

ONCOLL PAYMENT SLIP

ONCOLL PAYMENT SLIP

LANDBANK

This is your receipt when machine validated.

Please check the appropriate mode of payment.
☑ CASH ☐ CHECK ☐ DEBIT FROM ACCOUNT

DATE: 8-5-21

MERCHANT / AGENCY DEPOSIT ACCOUNT NUMBER: 3402 2319 20

MERCHANT / AGENCY NAME: SECURITIES & EXCHANGE COMMIS

Reference Number 1: F&J PRINCE HOLDINGS CORP.

Printed Name and Signature of Payor / Depositor / Representative

Reference Number 2: A0823

Reference Number 3 (Numeric): 20210500013

Amount: PESOS: SEVENTY FIVE ONLY
₱75.—

Validation
BP EDSA - GREENHIL
08-05-2021 11:18 Txn. Seq #: 14850
SEC CASH Payment
Clrng. Acct. No. 3402-2319-20
COMPANY NAME F&J PRINCE HOLDING
AGENCY CODE A0823
ACCOUNT CODE 131
Amount 75.00

ANNUAL REPORT ON SEC FORM 17-A

The corporation undertakes to provide without charge to the shareholders or to each person solicited, on the written request of any such person, a copy of the Annual Report on SEC Form 17-A. Said written request, may be directed to:

ATTY. FINA BERNADETTE D.C. TANTUICO
Corporate Secretary
I&J Prince Holdings Corporation
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City