

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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8	7	4	1		P	A	S	E	O		D	E		R	O	X	A	S		M	A	K	A	T	I

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

Atty. Fina Bernadette D.C. Tantuico

Contact Person

88927133 • 88927137

Company Telephone Numbers

1	2		3	1
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Month Day
Fiscal Year

0	4		1	2
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Month Day
Annual Meeting

DEFINITIVE INFORMATION STATEMENT

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Number of Stockholders

Total Amount of Borrowings

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

Thursday, October 6, 2022, 10:00AM
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

September 12, 2022

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. ALEXANDRA D. TOM WONG
Officer-in-Charge, 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:

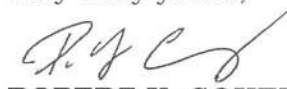
- 1) Definitive Information Statement.
- 2) Notice of Annual Stockholders' Meeting. The Zoom link for the meeting will be provided to the shareholders who register to join the meeting as provided for in the Guidelines which will be provided in the company website fjprince.com and also provided in the Definitive Information Statement.
- 3) Proxy Form.
- 4) 2021 Management Report.
- 5) 2021 Audited Financial Statements and 2022 Unaudited First Quarter Report and Second Quarter Report.

We have incorporated the Revisions and Comments contained in your letter of August 16, 2022 (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 2021 Management/Annual Report. The Report of Independent Public Accountants was likewise manually signed by the certifying partner in the final printed 2021 Management/Annual Report.

We trust you will find the foregoing in order.

Very truly yours,


ROBERT Y. COKENG
President

5/F BDO Towers Paseo, 8741 Paseo de Roxas, Makati City 1226

Tel. Nos. 88927133 • 88927137 • 88929443 • Fax No. 88927127

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 **October 6, 2022, Thursday at 10:00AM via ZOOM**, from the company's office at 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City. 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 2022 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 24, 2022**. 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 17, 2021.** Copies of the minutes of the stockholders' meeting held on September 17, 2021 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 2021 and the outlook for the year 2022.
- 5. PRESENTATION AND APPROVAL OF AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021.** 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 17, 2021. 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 2022-2023 will be announced, for purposes of their election.
8. **ELECTION OF EXTERNAL AUDITOR FOR THE FISCAL YEAR JANUARY TO DECEMBER, 2022.** Upon the endorsement of the Audit Committee, the stockholders shall elect the external auditor for the year 2022.
9. **OTHER MATTERS.** Shareholders may raise questions or express comments that are relevant to the corporation.
10. **ADJOURNMENT.** 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 24, 2022 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 28, 2022 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 29, 2022 at 11:00 AM at the 5th Floor, BDO Tower Paseo, Paseo de Roxas, Makati City.

Makati City, September 5, 2022.

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 2022 Annual Stockholders' Meeting of F&J Prince Holdings Corporation. (Will be in the company's website fjprince.com).

The 2022 Annual Stockholders' Meeting (ASM) of F&J Prince Holdings Corporation is on October 6, 2022 at 10:00AM and with a record date of August 24, 2022.

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 28, 2022 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 28, 2022.

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 28, 2022.

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

F & 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**

6. Address of principal office

1226

Postal Code

(632) 8892-7133 or 8892-7137

7. Registrant's telephone number, including area code

**October 6, 2022, Thursday, 10:00AM
via ZOOM, 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City**

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.

September 7, 2022

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
8892-7133 or 8892-7137**

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	:	October 6, 2022, Thursday
Time	:	10:00 AM
Place	:	via ZOOM, 5th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City
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 September 8, **2022**. 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 2021 Annual Stockholders' Meeting;
- (2) Approval of the Audited Financial Statements as of December 31, 2021;
- (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 2022.

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 June 30, 2022, One Hundred Forty Million One Hundred Forty Four Thousand Two Hundred Fifty Nine **(140,144,259)** shares are foreign owned.

The following number of shares is outstanding and entitled to vote as of **August 24, 2022**:

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

The record date for shareholders who shall be entitled to vote has been fixed at August 24, 2022. 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 24, 2022. 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 24, 2022, 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 <i>Stockholder</i>	Same as Record Owner Robert Y. Cokeng Managing Director	Foreign	139,778,670 Record & Beneficial	29.01%
Common A	PCD Nominee Corporation 37 th Floor Tower I, The Enterprise, 6766 Ayala Avenue Makati City <i>Stockholder</i>	None of the beneficial owners own Five (5%) Percent or more of the outstanding capital stock of the Corporation	Filipino	71,547,390	14.86%

Common A & B	Pinamucan Industrial Estates, Inc. 5 th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City <i>A Subsidiary of the Subsidiary of Issuer</i>	Same as Record Owner Johnson U. Co President	Filipino	47,268,493	10.44%
Common A	Magellan Capital Holdings Corporation 5 th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City <i>94% Subsidiary of Issuer</i>	Same as Record Owner Robert Y. Cokeng President	Filipino	47,143,022	9.92%
Common A	Consolidated Tobacco Industries of the Philippines, Inc. CTIP Compound, Ortigas Avenue Extension, Rosario, Pasig City <i>Stockholder</i>	Same as Record Owner Robert Y. Cokeng President	Filipino	43,052,023	8.93%
Common A	Vructi Holdings Corporation 52 Narra Avenue, Forbes Park, Makati City <i>Stockholder</i>	Same as Record Owner Rufino B. Tiangco President	Filipino	34,633,628	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 the President of the Registrant.

Mr. Robert Y. Cokeng is President of Magellan Capital Holdings Corporation and has voting power over the shares of stock of Magellan Capital Holdings Corporation (“MCHC”) in the Registrant.

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

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 24, 2022, 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	Direct	Filipino	3.26%
		2,020,000	Indirect		
Common A	Katrina Marie K. Cokeng	10,000	Indirect	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, 71 years old, Filipino citizen.

Chairman, President & Chief Executive Officer

Re-elected on 17 September 2021 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.; *Lead Independent Director*, Cosco Capital, Inc. (PSE listed company); *Independent Director*, Philippine Bank of Communication (PSE-Listed); *Independent Director*, Alcorn Petroleum and Minerals Corporation; *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, 70 years old, Filipino citizen.

Vice-President for Administration and Director

Re-elected on 17 September 2021 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. Tomas.

MARK RYAN K. COKENG, 36 years old, Filipino citizen.

Treasurer and Director

Re-elected on 17 September 2021 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, 60 years old, Filipino citizen.

Independent Director

Re-elected on 17 September 2021 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, 70 years old, Filipino citizen.

Director

Re-elected on 17 September 2021 to a one-year term. Director since 2008.

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

Bachelor of Arts, Management, University of Sto. Tomas

JOHNNY O. COBANKIAT, 71 years old, Filipino citizen.

Director

Re-elected on 17 September 2021 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, 71 years old, Filipino citizen.

Director

Re-elected on 17 September 2021 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., 65 years old, Filipino citizen

Independent Director

Re-elected on 17 September 2021 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, 75 years old, Filipino citizen.

Director

Re-elected on 17 September 2021 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, 73 years old, Filipino citizen.

Director

Re-elected on 17 September 2021 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Midbound Vitas Central Terminal & Shipyards Corp.; *President*, Vrukti 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. Tomas

KATRINA MARIE K. COKENG, 42 years old, Filipino citizen
Director

Re-elected on 17 September 2021 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 Beta Kappa, Smith College

PONCIANO K. MATHAY, 63 years old, Filipino citizen
Senior Vice President, Compliance Officer, and Asst. Corporate Secretary

Re-appointed by the Board on 17 September 2021.

President, MHM Energy Corp.; *Consultant*, Pointwest Technologies Corp.; *Director*, Alcorn Petroleum and Minerals Corporation; *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, 60 years old, Filipino citizen.
Corporate Secretary

Re-elected on 17 September 2021 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 17 September 2021. 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	71	Filipino	President and Vice Chairman; Chairman and President	since 1996 - 2007 to present
Ponciano K. Mathay	63	Filipino	Senior Vice President, Compliance Officer, and Assistant Corporate Secretary	2018 to present
Johnson U. Co	70	Filipino	Vice-President for Administration	2013 to present
Mark Ryan K. Cokeng	36	Filipino	Treasurer and Chief Financial Officer	2013 to present
Fina C. Tantuico	60	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. Katrina K. Cokeng is the Co-founder and Group CEO of XEN Technologies Pte. Ltd., a company providing a platform for private investments. It utilizes financial technology to enable accredited investors and their advisors to access private equity funds, venture funds, hedge funds, and real estate funds. It is headquartered in Singapore. The Registrant has investments in XEN Technologies Pte Ltd. In discussion on these investments, aside from Katrina Cokeng, Messrs Robert Cokeng, Mary Cokeng, Mark Ryan Cokeng, and Johnson Co abstained on approval for the transaction since they are related parties to Katrina Cokeng.

(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 September 17, 2021, 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, 2021, 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, 2021, 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	2022	-	-	} P11,384,100.00 ^{1>}
Johnson U. Co, Vice-President-Administration	2022	-	-	
Mark Ryan K. Cokeng, Treasurer	2022	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec.	2022	-	-	
All Other Officers & Directors	2022	P310,000.00	-	

- **Estimated**

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2021	-	-	} P10,770,507.00 ^{1>}
Johnson U. Co, Vice-President-Administration	2021	-	-	
Mark Ryan K. Cokeng, Treasurer	2021	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec.	2021	-	-	
All Other Officers & Directors	2021	P310,000.00	-	

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2020	-	-	} P10,713,464.00
Johnson U. Co, Vice-President-Administration	2020	-	-	
Mark Ryan K. Cokeng, Treasurer	2020	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec	2020	-	-	
All Other Officers & Directors	2020	P280,000.00	-	

* 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 P5000 *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 P5000 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 10 July 2022, 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. MCHC has fully paid a total of P29,688,521.50 as Arbitral Award based on Regional Court Decision.

(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 P41,021.50 (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 P121,500.00 (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 P40,000.00. 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 P105,720.00 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 Roño. 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 Mendoza Querido & Co., CPAs as the external auditor of the Corporation. Said accounting firm will replace KPMG (R.G. Manabat & Co.). Before KPMG, SyCip Gorres Velayo & Co. was engaged by the Corporation as its external auditor in 1997 and re-appointed through the years. There has been no changes in and disagreements with SGV on its accounting and financial disclosure. 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.

KPMG was the auditor for FY2020. Mr. Emmanuel Y. Mendoza is the Signing Partner for FY 2022.

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 17, 2021 – briefly, directors for the year 2021 were nominated and elected, and the following matters were approved:
 - (a) minutes of the 2020 Annual Stockholders' Meeting were approved;
 - (b) 2020 Audited Financial Statements were likewise approved;
 - (c) ratification of corporate actions taken in 2020;
 - (d) appointment of Mendoza Querido & Co., CPAs as external auditor;
- (2) Audited Financial Statements as of December 31, 2021; and
- (3) Ratification of corporate actions taken by the Board of Directors for the year 2021.
- (4) Appointment of Mendoza Querido & Co., CPAs as Independent Auditors. Emmanuel Y. Mendoza will be the partner in charge for FY 2021.
- (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 28, 2022.

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 17, 2021.

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

	<u>Approved</u>	<u>Votes Taken</u> <u>Disapproved</u>	<u>Abstain</u>
(a) Minutes of the previous meeting	396,645,744	NIL	NIL
(b) 2020 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 Mendoza Querido & Co, CPAs. 396,645,744 NIL NIL
as external auditor for fiscal year 2021

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

19 August 2022

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. ALEXANDRA D. TOM WONG
Officer-in-Charge, 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 BDO Towers Paseo, 8741 Paseo de Roxas, Makati City 1226

Tel. Nos. 88927133 • 88927137 • 88929443 • Fax No. 88927127

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 2, 2022, Makati City, Philippines.

F & J Prince Holdings Corporation

By:



ROBERT Y. COKENG
President

PART II

INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

The proxy is being solicited by *F & J Prince Holdings Corporation* (the “Corporation”) for and in its behalf, in connection with its Annual Stockholders Meeting to be held on **Thursday, October 6, 2022 at 10:00 AM via ZOOM, from the company’s office at 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.**

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 *F & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders' Meeting to be held on **Thursday, October 6, 2022, at 10:00 a.m. 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.

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 acknowledged, 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.

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 17, 2021 Annual Stockholders' Meeting.

Voting Instruction

☐

For

☐

Against

☐

Abstain

2. Approval of the Audited Financial Statements as of December 31, 2021.

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	<input type="checkbox"/>	<input type="checkbox"/>
2. Johnson U. Co	<input type="checkbox"/>	<input type="checkbox"/>
3. Johnny O. Cobankiat	<input type="checkbox"/>	<input type="checkbox"/>
4. Katrina Marie K. Cokeng	<input type="checkbox"/>	<input type="checkbox"/>
5. Mark Ryan K. Cokeng	<input type="checkbox"/>	<input type="checkbox"/>
6. Mary K. Cokeng	<input type="checkbox"/>	<input type="checkbox"/>
7. Robert Y. Cokeng	<input type="checkbox"/>	<input type="checkbox"/>
8. Rufino B. Tiangco	<input type="checkbox"/>	<input type="checkbox"/>
9. Johnson Tan Gui Yee	<input type="checkbox"/>	<input type="checkbox"/>
Independent Directors:		
10. Charlie K. Chua	<input type="checkbox"/>	<input type="checkbox"/>
11. Peter L. Kawsek, Jr.	<input type="checkbox"/>	<input type="checkbox"/>

5. Appointment of Mendoza Querido & Co. as External Auditor of the Corporation for the Fiscal Year January to December 2022.

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 _____ 2022, at _____.

Usual Signature

Print Name Here

Address

FJP

2021
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 and 2nd quarters of 2022 are as follows:

QUARTER; YEAR	CLASS "A"		CLASS "B"	
	High	Low	High	Low
1 st Quarter, 2020	3.77	3.25	3.81	3.61
2 nd Quarter, 2020	4.08	2.77	-	-
3 rd Quarter, 2020	3.80	2.82	3.83	3.83
4 th Quarter, 2020	3.80	2.90	3.83	3.40
1 st Quarter, 2021	3.47	2.75	4.61	2.61
2 nd Quarter, 2021	3.2	2.95	3.3	3.3
3 rd Quarter, 2021	3.08	2.67	2.85	2.85
4 th Quarter, 2021	2.8	1.81	2.8	2.8
1 st Quarter, 2022	2.60	2.13	2.61	2.50
2 nd Quarter, 2022	2.63	2.24	3.74	2.63

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 2019.

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 ₱2.50 per share for Class "A" shares transacted on June 30, 2022; and ₱2.63 per share for Class "B" shares transacted on June 3, 2022.

Number of Shareholders

As of June 15, 2022, the Registrant had Four Hundred Seventy Five (475) stockholders of record, as follows: Class "A" shares – Four Hundred Thirty One (431) shareholders; Class "B" shares – Forty Four (44) shareholders; and shareholders owning both Class "A" and "B" – Six (6) 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

October 6, 2022

Contents

- Report of the Chairman and President
- Business and General Information
- Financial and Other Information
- Board of Directors and Management
- Statement of Management's Responsibility
- Financial Statements
 - Balance Sheet
 - Income Statement
 - Cash Flow Statement
 - Notes to Financial Statements
- Directory/Bankers

REPORT OF THE CHAIRMAN AND PRESIDENT

The Registrant's consolidated revenue in 2021 increased to ₱119.3 million from ₱111.8 million in 2020. Equity in net earnings of associates decreased to ₱19.4 million in 2021 from ₱32.1 million in 2020. Interest income decreased to ₱18.3 million in 2021 from ₱21.2 million in 2020 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange gain of ₱31.0 million was recorded in 2021 versus a loss of ₱28.2 million in 2020 as the Peso devalued against foreign currencies which benefited the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent decreased slightly from ₱23.3 million in 2020 to ₱22.0 million in 2021. Gain on AFS, HTM and FVPL Financial Assets of ₱21.8 million was recorded in 2021 versus ₱21.9 million in 2020. Dividend income increased from ₱4.6 million in 2021 from ₱3.7 million in 2020.

Total consolidated expenses of the Registrant decreased to ₱62.1 million in 2021 compared to ₱103.3 million in 2020 due mainly to reversal of Net FX losses to Net FX gains in 2021.

As a result of the above, total consolidated income before tax in 2021 totaled ₱81.8 million compared to ₱46.1 million in 2020. After provision for income tax, total consolidated net income after tax totaled ₱64.5 million in 2021 compared to ₱43.4 million in 2020.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled ₱2.0 million in 2021 compared to ₱0.4 million in 2020.

Net income attributable to equity holders of the Registrant totaled ₱62.5 million in 2021 compared to ₱43.0 million in 2020.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2021, the Registrant's consolidated cash and cash equivalent totaled over ₱506.7 million compared to ₱523.5 million as of December 31, 2020. 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 ₱44.1 million at year-end 2021 compared to ₱38.0 million at year-end 2020. Total equity amounted to ₱1.9 billion as of the end of 2021 compared to ₱1.8 billion at the end of 2020.

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 2021 totaled ₱506.7 million compared to ₱523.5 million at the end of 2020 while total current assets totaled ₱797.0 million at year-end 2021 compared to ₱751.7 billion at year-end 2020. 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 2021 was ₱1,781.1 million compared to ₱1,769.3 million at end of 2020.

MCHC's consolidated revenues for the year 2021 totaled ₱123.6 million compared to ₱107.8 million in 2020. Most of the increase was accounted for Foreign Exchange and by Fair Value Gains on Financial Assets at FVPL due to recovery in the prices of listed stocks and bond investments held by the Registrant and its subsidiaries. Consolidated expenses went down to ₱57.6 million in 2021 from ₱87.6 million in 2020 due mainly to Foreign Exchange Losses. As a result of the above, net income after tax rose to ₱50.6 million in 2021 from ₱17.9 million in 2020.

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 2021 reached over Fifteen Million US Dollars (\$15 Million). Net income of PTC in 2020 was \$419,000. In 2020, PTC registered a net income of \$1.5 Million on revenue of \$14.4 Million.

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 2021 exceeded ₱403 million and it has a staff of over 400 accountants and support staff. Net income increased to ₱37.6 Million in 2021 from ₱20.3 Million in 2020.

CONCLUSION

Your Company generated a consolidated net income of ₱64.5 million in 2021 compared to a net income of ₱43.4 in 2020. The main reason was Net FX Gain of ₱31 million in 2021 as the devaluation of the Peso benefitted the Foreign Exchange denominated stocks and bonds owned by the Registrant and its subsidiaries.

A net foreign exchange gain of ₱31.0 million was recorded in 2021 versus a foreign exchange loss of ₱36.7 million in 2020 as the Peso depreciated against foreign currencies which benefitted 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 2021, total consolidated equity attributable to equity holders of the Registrant increased to ₱1,814.7 million at year-end in 2021 compared to ₱1,763.3 million at year-end 2020.

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 2021

(P000)	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings of Associates	₱ 19,413	16.3%
Interest Income	18,257	15.3%
Gain on Disposal of AFS and FVPL Financial Assets	2,133	1.8%
Rent	21,977	18.4%
Dividend Income	4,615	3.9%
Fair Value Gain on Financial Assets at FVPL	21,785	18.3%
Gain on Disposal of Financial Assets at FVOCI	92	1.8%
Net Fix Gain	31,025	26.1%
Total	₱ 119,297	100.00%

Breakdown of Revenues for the year 2020

(P000)	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings (Losses) of Associates	₱ 32,071	28.7%
Interest Income	21,230	19.0%
Gain on Disposal of AFS, FVPL and HTM Financial Assets	19,800	17.7%
Rent	23,332	20.9%
Dividend Income	3,655	3.3%
Fair Value Gain (Loss) on Financial Assets of FVPL	1,291	1.2%
Others	10,466	9.4%
Total	₱ 111,845	100.00%

The Registrant's consolidated revenue in 2021 increased to ₱119.3 million from ₱111.8 million in 2020. Equity in net earnings of associates decreased from ₱32.1 million in 2020 to ₱19.4 million in 2021 as Pointwest Technologies Corporation reported lower earnings in 2021. Rent decreased from ₱23.3 million in 2020 to ₱22.0 million in 2021 due to some Lessors ending their Leases. Gain on disposal of Financial Assets at FVPL was ₱2.3 million in 2021 compared to NIL in 2020. Dividend income increased to ₱4.6 million in 2021 from ₱3.7 million in 2020. Fair value gain on Financial Assets at FVPL was ₱21.8 million in 2021 compared to ₱1.3 million in 2020.

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 2021 reached over US\$ 419,000 Million US Dollars on revenues of \$15.2 Million.

(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 reported a net income of ₱37.6 million on revenues of ₱403.3 million in 2021.

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 affiliates, BPOI and Pointwest Technologies Inc. have transactions with each other such as rental contracts. 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's 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 BDO Towers Paseo 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 BDO Towers Valero 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 completed and turned over in 2022 and are being offered for lease 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 BDO Towers Paseo 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 BDO Towers Valero 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 BDO Towers Valero 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 **10 July 2022**, 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 court has finalized its decision and MCHC has fully paid the Arbitral Award and the case is now closed.

(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 (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 Grace 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 2021 increased to ₱119.3 million from ₱111.8 million in 2020. Equity in net earnings of associates decreased to ₱19.4 million in 2021 from ₱32.1 million in 2020. Interest income decreased to ₱18.3 million in 2021 from ₱21.2 million in 2020 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange gain of ₱31.0 million was recorded in 2021 versus a loss of ₱28.2 million in 2020 as the Peso devalued against foreign currencies which benefited the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent decreased slightly from ₱23.3 million in 2020 to ₱22.0 million in 2021. Gain on AFS, HTM and FVPL Financial Assets of ₱21.8 million was recorded in 2021 versus ₱21.9 million in 2020. Dividend income increased from ₱4.6 million in 2021 from ₱3.7 million in 2020.

Total consolidated expenses of the Registrant decreased to ₱62.1 million in 2021 compared to ₱103.3 million in 2020 due mainly to reversal of Net FX losses to Net FX gains in 2021.

As a result of the above, total consolidated income before tax in 2021 totaled ₱81.8 million compared to ₱46.1 million in 2020. After provision for income tax, total consolidated net income after tax totaled ₱64.5 million in 2021 compared to ₱43.4 million in 2020.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled ₱2.0 million in 2021 compared to ₱0.4 million in 2020.

Net income attributable to equity holders of the Registrant totaled ₱62.5 million in 2021 compared to ₱43.0 million in 2020.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2021, the Registrant's consolidated cash and cash equivalent totaled over ₱506.7 million compared to ₱523.5 million as of December 31, 2020. 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 ₱44.1 million at year-end 2021 compared to ₱38.0 million at year-end 2020. Total equity amounted to ₱1.9 billion as of the end of 2021 compared to ₱1.8 billion at the end of 2020.

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 2021 totaled ₱506.7 million compared to ₱523.5 million at the end of 2020 while total current assets totaled ₱797.0 million at year-end 2021 compared to ₱751.7 billion at year-end 2020. 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

Revenue Generation. Revenue in the last two fiscal years is summarized below along with vertical percentage analysis:

(P000)	INCREASE (DECREASE)					
	YEAR 2021	PER- CENTAGE	YEAR 2020	PER- CENTAGE	YEAR 2021	PER- CENTAGE
Equity in net earnings of associates	₱ 19,413	16.3%	₱ P 32,071	28.7%	(12,658)	(39.4%)
Interest Income	18,257	15.3%	21,230	19.0%	(2,973)	(14.0%)
Rent	21,977	18.4%	23,332	20.9%	(1,355)	(5.81%)
Dividend Income	4,615	3.9%	3,655	3.3%	960	26.3%
Fair Value Gains (Losses) on Financial Assets at FVPL	21,785	18.3%	1,291	1.2%	20,494	1500%
Gain (Losses) on Disposal of AFS, HTM and FVPL Investments	92	0.1%	19,800	17.7%	(19,708)	-
Gain (Loss) on Disposal of Financial Assets at FVOCI	2,133	1.8%	-	-	2,133	-
Net FX Gain	31,025	26.1%	-	-	31,025	-
Others	-	-	10,466	9.4%	(10,466)	-
Total from continuing operation	₱ 119,297	100.0%	₱ 111,845	100.0%	₱ 7,452	6.7%

Equity in Net Earnings of Associates decreased from ₱32.1 million in 2020 to ₱19.4 million in 2021 due to Lower Earnings at Pointwest Technologies. Interest income dropped to ₱18.3 million in 2021 from ₱21.3 million in 2020. Rental income decreased from ₱23.3 million in 2020 to ₱22.0 million in 2021. However, Net FX Gain of ₱31.0 million and Fair Value Gain on Financial Assets at FVPL offset these decreases resulting in an increase in revenue to ₱119.3 million in 2021 from ₱111.8 million in 2020.

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

(000)	YEARS ENDED DECEMBER 31					
	2021	PERCENTAGE	2020	PERCENTAGE	2019	PERCENTAGE
Revenue	₱ 119,297	100%	₱ 111,845	100%	₱ 103,301	100%
Expenses	37,539	31.5%	65,757	58.8%	59,558	57.6%
Net Income Before Tax	8,759	68.5%	46,088	41.2%	43,743	41.2%
Tax	(17,226)	14.4%	(2,661)	(2.41%)	(10,094)	(9.8%)
Net Income After Tax	64,532	54.1%	43,427	38.8%	33,649	32.6%
Total Net Income	₱ 64,532	54.1%	₱ 43,427	38.8%	₱ 33,649	32.6%
Attributable to Stockholders of Registrant	62,496	52.4%	43,025	38.5%	32,205	31.2%
Non-Controlling Interest	2,035	1.7%	402	0.3%	1,444	1.46%

As the above shows, net income increased to ₱64.5 million in 2021 from ₱43.4 million in 2020. The increase in net income was mainly due to Net FX Gains on ₱31.0 million and Fair Value Gains on Financial Assets at FVPL of ₱21.8 million. The net income in 2021 attributable to stockholders of the Registrant was ₱62.5 million while ₱2.0 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 2020 was ₱43.0 million while ₱0.4 million was attributable to non-controlling interests.

Earnings per share. The earnings per share in 2021 amounted to ₱0.16 per share compared to earnings per share of ₱0.11 in 2020 and ₱0.08 in 2019. 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 41.5x at December 31, 2021 compared to 40.4x at the end of 2020. 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 ₱4.72 per share at the end of 2021 from ₱4.60 at year-end 2020 and ₱4.64 at year-end 2019.

(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 ₱506.7 million at year end 2021 compared to ₱523.5 million at year end 2020. 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, 2021 and December 31, 2020 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 2021, total consolidated revenues totaled ₱119.3 million compared to ₱111.8 million in 2020 and ₱103.3 million in 2019. The reasons for the change have been discussed in the revenue generation section earlier in Item 6 of this Report.

Expenses. Total consolidated operating expenses decreased to ₱37.5 million in 2021 from the ₱65.8 million in 2020 due mainly to Net FX Gain instead of Net FX Loss as the depreciating Peso exchange rate benefiting 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 ₱81.8 million in 2021 compared to ₱46.1 million in 2020 and ₱43.7 million in 2019.

Provision For Income Tax. In 2021, there was a provision for income tax of ₱17.2 million compared to ₱2.7 million in 2020 and ₱10.1 million in 2019.

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 ₱64.5 million in 2021, from net income after tax of ₱43.4 million in 2020 and ₱33.6 million in 2019.

BALANCE SHEET ACCOUNTS

The following comparative financial analysis is based on audited consolidated balance sheets as of December 31, 2021 and December 31, 2020 shown in Exhibit “2”. Exhibit “4” shows the vertical percentage analysis of balance sheet accounts as of December 31, 2021 and December 31, 2020. The movements in the various accounts are discussed below:

ASSETS

Current Assets. Total current assets at year-end 2021 totaled ₱797.0 million compared to ₱751.1 million at year-end 2020. Cash and cash equivalents decreased to ₱506.7 million at year end 2021 from ₱523.5 million at year end 2020. Financial assets at Fair Value through Profit or Loss (FVPL) increased to ₱230.6 million at year-end 2021 from ₱181.0 million at year-end 2020. Prepayments and other assets decreased to ₱35.5 million at year-end 2021 from ₱35.7 million at year-end 2020.

Non-Current Assets. Total non-current assets at year-end 2021 totaled ₱1,135.5 million versus ₱1,122 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 2021 totaled ₱1,933 million compared to ₱1,873.6 million at year-end 2020.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities increased to ₱19.2 million at year-end 2021 from ₱18.6 million at year-end 2020.

Non-Current Liabilities. Non-current liabilities increased to ₱24.9 million at year-end 2021 from ₱19.4 million at year-end 2020 due mainly to deferred Tax Liabilities.

Stockholder's Equity. Total Stockholder's Equity Attributable to Equity Holders of the Registrant decreased to ₱1,814.6 million at year-end 2021 from ₱1,763.3 million at year end 2020. Equity attributable to minority shareholders of MCHC totaled ₱73.8 million at year end 2021 compared to ₱72.4 million at year-end 2020. As a result, total stockholders equity at year-end 2021 stood at ₱1,888.4 million compared to ₱1,835.7 million at year-end 2020.

FIRST QUARTER 2022 REPORT

The following is a detailed discussion of the Registrant's operations and financial condition during the first quarter of 2022 and first quarter of 2021.

Operating Results

Breakdown of Revenue for the Three-Month Periods Ending March 31, 2022 and March 31, 2021 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	FIRST QUARTER	VERTICAL PERCENTAGE ANALYSIS	FIRST QUARTER	VERTICAL PERCENTAGE ANALYSIS	INCREASE (DECREASE) AMOUNT	INCREASE (DECREASE) PERCENTAGE
	March 31, 2022	March 31, 2022	March 31, 2021	March 31, 2021	March 31, 2022	March 31, 2022
INTEREST INCOME						
From Banks	P 393	1.7%	P 579	1.4%	P (186)	(32.1%)
From Securities	1,852	8.0%	2,233	5.3%	(381)	(17.2%)
TOTAL	2,245	9.7%	2,812	6.7%	(567)	(20.2%)
Dividend Income	276	1.2%	155	0.4%	121	78.1%
Rent Income	5,687	24.6%	5,147	12.3%	540	10.5%
Unrealized Gain on Trading Securities	8,055	34.9%	33,683	80.6%	(25,628)	(76.1%)
Net Unrealized FX Gain	844	3.7%	-	-	-	100%
Gain on Disposal of Financial Assets at FVTPL	5,994	26.0%	-	-	-	100%
TOTAL	P 23,101	100%	P 41,797	100%	P (18,696)	(44.7%)

Revenues. Consolidated Revenues, during the 3-month period ended March 31, 2022, totaled P23.1 million compared to P41.8 million during the same 3-month period in 2021. The decrease in unrealized gain on trading securities of P25.6 million, accounted for the bulk of the decrease as most of the recovery in listed stocks from pandemic levels in 2020 occurred in 2021.

Expenses. Consolidated General and Administrative Expenses in the first quarter of 2022 totaled P9.9 million compared to P8.3 million in the first quarter of 2021.

Operating Income. As a result of the factors discussed above, consolidated operating income in first quarter 2022 totaled P13.2 million compared to P33.5 million in the same period of 2021.

Net Income. The Registrant had a net income of P13.2 million during the first quarter of 2022 compared to P33.5 million in the first quarter of 2021. The net income in the first quarter of 2022 attributable to shareholders of the Company totaled P12.6 million while P0.6 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 2021, P31.8 million net income was attributable to shareholders of the company and P1.7 million net income 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, 2022 compared to December 31, 2021.

ASSETS

Current Assets. Consolidated current assets as of March 31, 2022 totaled P805.5 million compared to P797.0 million as of December 31, 2021. Most of the increase was due to increase in cash and cash equivalents.

Receivables from Related Parties. This account was ₱0.3 million at March 31, 2022, versus ₱0.2 million at year-end 2021.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained unchanged from year-end 2021 to March 31, 2022 at ₱250.3 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 ₱390.9 million as of March 31, 2022 from ₱395.1 million at year-end 2021.

Property and Equipment. This account totaled ₱4.5 million as of March 31, 2022 compared to ₱4.7 million as of December 31, 2021 due to allowance for depreciation.

Investment in Property. This account totaled ₱371.5 million as of March 31, 2022 from ₱373.7 million at year-end 2021 due to additional allowance for depreciation.

Other Non-Current Assets. This account totaled ₱29.1 million as of March 31, 2022, the same level as year-end 2021.

Total Assets. As a result of the foregoing, total assets increased to ₱1,934.3 million as of March 31, 2022 from ₱1,932.6 million as of December 31, 2021.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities was at ₱19.8 million as of March 31, 2022 compared to ₱19.2 million at year-end 2021.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation and deferred tax liability was stable at ₱24.9 million as of March 31, 2022 the same level as at year-end 2021. 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 ₱1,889.6 million as of March 31, 2022 from ₱1,888.4 million at year-end 2021. Total equity attributable to stockholders of the company totaled ₱1,815.5 million at March 31, 2022 from ₱1,814.6 million at December 31, 2021. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱74.4 million at March 31, 2022 compared to ₱73.8 million at December 31, 2021.

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 2022 and 2021 are shown in Annex “B” and presented below in summary form:

(P000)	1 st Quarter-2022	Percentage (%)	1 st Quarter-2021	Percentage (%)
Interest Income	P 2,245	9.7%	P 2,812	6.7%
Lease Rental Income	5,687	24.61%	5,147	12.3%
Dividend Income	276	1.2%	155	0.4%
Unrealized Gain on trading securities	8,055	34.9%	33,683	80.6%
Net Unrealized FX Gain	844	3.7%	-	-
Gain on Disposal of Financial Assets at FVTPL	5,994	26.1%	-	-
TOTAL INCOME	P 23,101	100%	P 41,797	100%

Total revenue in the first quarter of 2022 was P23.1 million, versus P41.8 million in the first quarter of 2021. The decrease in unrealized gain on trading securities from P33.7 million to P8.0 million, accounted for the bulk of the decrease as global financial markets hard hit by the global COVID-19 pandemic in 2020 recovered in 2021 but only increased slightly in 2022.

Change in Net Income. The income statement in the first quarter of 2022 and 2021 are shown in Annex “B” and summarized below:

(P000)	1 st Quarter 2022	Percentage (%)	1 st Quarter 2021	Percentage (%)
Revenues	P 23,101	100%	P 41,797	100%
Expenses	9,915	42.9%	8,267	19.8%
Net Income	13,186	57.1%	33,530	80.2%
Attributable to:				
- Minority Interest	605	2.6%	1,700	4.1%
- Stockholders of Company	12,581	54.5%	31,830	76.1%

The Registrant realized a net income of P13.2 million in the first quarter of 2022 compared to a net income of P33.5 million in the first quarter of 2021. Net income of P12.6 million was attributable to stockholders of the company in the first quarter of 2022 compared to net income of P31.8 million in the first quarter of 2021.

Earnings per Share. The net income per share attributable to shareholders of the Company during the first quarter of 2022 was P0.033 per share compared to net income per share of P0.083 in the first quarter of 2021 due to reasons discussed above.

Current Ratio. Current ratio as of March 31, 2022 was 40.5 X compared to 41.4 X as of December 31, 2021.

Book Value Per Share. Book value per share as of March 31, 2022 was P4.73 per share compared to P4.72 as of December 31, 2021.

SECOND QUARTER 2022 REPORT

The following is a detailed discussion of the Registrant's operations and financial condition during the second quarter of 2022 and second quarter of 2021.

Operating Results

Breakdown of Revenue for the Three Month Periods Ending June 30, 2022 and June 30, 2021 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	Second Quarter 2022	Vertical Percentage Analysis	Second Quarter 2021	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME						
From Banks	₱ 643	1.5%	₱ 681	4.3%	(38)	(5.6%)
From Securities	1,911	4.4%	2,433	15.2%	(522)	(21.5%)
TOTAL	₱ 2,554	5.9%	₱ 3,114	19.5%	(560)	(18.0%)
UNREALIZED GAIN ON TRADING SECURITIES	-	-	6,021	37.6%	-	-
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	-	-	92	0.6%	-	-
DIVIDEND INCOME	1,706	4.0%	1,429	8.9%	277	19.4%
RENT INCOME	5,976	13.9%	5,352	33.4%	624	11.6%
REALIZED GAIN ON DISPOSAL OF FVOCI	352	0.8%	-	-	352	100%
UNREALIZED FX GAIN	31,668	73.5%	-	-	31,668	100%
REALIZED FX GAIN	837	2.0%	-	-	837	100%
TOTAL	₱ 43,095	100%	₱ 16,009	100%	27,086	169%

Revenues. Consolidated revenues, during the 3-month period ended June 30, 2022 increased by 169% to ₱43.1 million compared to ₱16.0 million during the same 3-month period in 2021 as shown in Annex "C". The higher revenue was due mainly to higher realized and unrealized FX gain as the sharp devaluation of the Peso benefitted the foreign exchange denominated cash, stocks and bonds held by the Registrant and its subsidiaries. In addition, the realized gain of disposal of FVOCI assets also contributed to the higher revenue.

Expenses. Consolidated expenses in the second quarter of 2022 totaled ₱72.4 million compared to ₱9.2 million in the second quarter of 2021. As shown in Annex "C", the increase was accounted for by litigation expense due to one time arbitral award and higher unrealized loss on financial assets at FVPL as the substantial decline in global stock markets due to the Ukraine war and its economic effects penalized the stock and bonds held by the Registrant and its subsidiaries.

Operating Income. Due to the factors discussed above, consolidated operating loss in the second quarter of 2022 totaled ₱29.3 million compared to ₱6.8 million in the second quarter of 2021.

Net Income. Net loss totaled ₱29.3 million during the second quarter of 2022 compared to net income of ₱6.8 million in the second quarter of 2021. The tax benefit of this operating loss is computed and taken into account at year-end. Net loss in the second quarter of 2022 attributable to shareholders of the company totaled ₱27.8 million while ₱1.5 million in net loss was attributable to minority shareholders in the company's 94% owned subsidiary Magellan Capital Holdings Corporation (MCHC). In the second

quarter of 2021, ₱6.5 million in net income was attributable to stockholders of the company while ₱0.3 million net loss 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, 2022 compared to December 31, 2021.

Assets

Current Assets. Consolidated current assets as of June 30, 2022 totaled ₱799.2 million compared to ₱797.0 million as of December 31, 2021. Most of the increase was due to the higher cash and cash equivalents which increased to ₱518.3 million as of June 30, 2022 from ₱506.7 million as of December 31, 2021. Financial assets at FVPL also increased to ₱240.4 million as of June 30, 2022 from ₱230.6 million as of December 31, 2021.

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 2021 and at June 30, 2022 at ₱250.3 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 decreased from ₱395.1 million at year-end 2021 to ₱369.5 million at June 30, 2022.

Property and Equipment. This account totaled ₱5.3 million as of June 30, 2022 compared to ₱4.8 million as of December 31, 2021 due to increase in furniture and fixtures in the first half of 2022.

Investment in Property. This Account totaled ₱370.2 million at June 30, 2022 compared to ₱373.7 million at year end 2021 due to depreciation allowance provided in the first half of 2022.

Other Non-Current Assets. This account totaled ₱2.9 million as of June 30, 2022, compared to ₱29.1 million as of December 31, 2021, as the time deposits pledged to secure a bond to cover the litigation expenses was used to pay the arbitral award described in the expenses section.

Total Assets. As a result of the foregoing, total assets decreased to ₱1,879.9 million as of June 30, 2022 from ₱1,932.6 million as of December 31, 2021.

Liabilities and Equity

Current Liabilities. Current liabilities decreased to ₱13.3 million as of June 30, 2022 from ₱19.2 million as of December 31, 2021 due mainly to removal of provision for legal litigation as the legal obligation has been fully paid during the second quarter to 2022.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation, deposits payable and deferred tax liabilities remain at ₱24.9 million as of June 30, 2022, the same level as at year-end 2021.

Stockholder's Equity. Total stockholder's equity decreased to ₱1,841.8 million as of June 30, 2022 from ₱1,880.4 million at year-end 2021 due to the net loss generated in the first half of 2021. Total equity attributable to stockholders of the company totaled ₱1,769.1 million at June 30, 2022 from ₱1,814.6 million at December 31, 2021. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱72.7 million at June 30, 2022 compared to ₱73.8 million at year-end 2021.

(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 2022 and 2021 are shown in Annex “C” and presented below in summary form:

(P 000)	2 nd Quarter 2022	Percentage (%)	2 nd Quarter 2021	Percentage (%)
Interest Income	P 2,554	5.9%	P 3,114	19.5%
Lease Rental Income	5,976	13.9%	5,352	33.4%
Dividend Income	1,706	4.0%	1,429	8.9%
Unrealized Gain on Trading Securities	-	-	6,022	37.6%
Realized Gain on FVPL	-	-	92	0.6%
Realized Gain on Disposal of FVOCI Assets	352	0.8%	352	0.8%
Unrealized FX Gain	31,668	73.5%	-	-
Realized FX Gain	837	2.0%	-	-
Total Income	P 43,095	100.00%	P 16,009	100.00%

Total revenue increased by 169% in the second quarter of 2022 to P43.1 million from P16.0 million in the second quarter of 2021. This was due mainly to higher unrealized FX gain and realized FX gain reported as other income.

Change in Net Income. The income statement in the second quarter of 2022 and 2021 are shown in Annex “C” and summarized below:

(P 000)	2 nd Quarter 2022	Percentage (%)	2 nd Quarter 2021	Percentage (%)
Revenues	P 43,095	100%	P 16,009	100.00%
Expenses	72,359	167.9%	9,178	57.3%
Net Income (Loss)	(29,264)	(67.9%)	6,831	42.7%
Attributable to:				
- Minority Interest	(1,463)	(3.4%)	289	1.8%
- Stockholders of Company	P (27,801)	(64.5%)	P 6,542	40.9%

The company realized a net loss of P27.8 million attributable to stockholders of the company in the second quarter of 2022, compared to a net income of P6.5 million attributable to stockholders of the company in the second quarter of 2021 due to the factors discussed in the preceding pages.

Earnings per Share. Net loss per share attributable to shareholders of the Company during the second quarter of 2022 was P0.073 per share compared to earnings per share of P0.017 in the second quarter of 2021.

Current Ratio. Current ratio as of June 30, 2022 was 60.3 X compared to 41.5 X as of December 31, 2021. Increase in cash and cash equivalent and decrease in current liability accounted for the higher current ratio.

Book Value Per Share. Book value per share as of June 30, 2022 was ₱4.62 per share compared to ₱4.73 per share as of December 31, 2021 due mainly to the net loss 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

	2021	2020	2019
Registrant	₱ 448,000	₱ 320,000	₱ 343,035
MCHC	448,000	490,000	527,258
Subsidiaries of MCHC	58,660	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 Mendoza Querido & Co, CPA. as external auditor for the year 2021.

Dividends

Dividends amounting to ₱0.10 per share were declared and paid out in 2021.

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 June 30, 2022 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)	72,705,490	11,088,581	83,794,071	17.4%
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	Brixton Investment Corporation	2,815,000	-	2,815,000	0.58%
12	Francisco Y. Cokeng, Jr.	2,160,000	-	2,160,000	0.45%
13	Johnson U. Co	1,100,000	-	1,100,000	0.23%
14	Betty C. Dy	1,100,000	-	1,100,000	0.23%
15	Homer U. Cokeng	1,020,000	80,000	1,100,000	0.23%
16	Rosalinda C. Tang	1,080,000	-	1,080,000	0.22%
17	Metro Agro Industrial Supply Corporation	523,833	270,144	793,977	0.16%
18	Rey Michael C. Tiangco	500,000	-	500,000	0.11%
19	Raizel T. Kwok	500,000	-	500,000	0.11%
20	Criscini A. Reyes	400,000	-	400,000	0.09%

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, 2021 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 Wackwack Golf & Country Club on "Risk, Opportunities, Assessment and Management (ROAM) Inc." The last seminar attended for the year was on 10 November 2017 at 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.

On 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.

On August 10, 2021, members of the Board of Directors attended the Corporate Governance Webinar, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc., via Zoom. The corresponding Certificates of Attendance was submitted to SEC on August 23, 2021.

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,
Compliance Officer and
Asst. Corporate Secretary

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, 71 years old, Filipino citizen.
Chairman, President & Chief Executive Officer

Re-elected on 17 September 2021 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.; *Lead Independent Director*, Cosco Capital, Inc. (PSE listed company); *Independent Director*, Philippine Bank of Communications (PSE-Listed); *Independent Director*, Alcorn Petroleum and Minerals Corporation; *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, 70 years old, Filipino citizen.
Vice-President for Administration and Director

Re-elected on 17 September 2021 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. Tomas.

MARK RYAN K. COKENG, 36 years old, Filipino citizen.
Treasurer and Director

Re-elected on 17 September 2021 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, 60 years old, Filipino citizen.
Independent Director

Re-elected 17 September 2021 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, 70 years old, Filipino citizen.
Director

Re-elected on 17 September 2021 to a one-year term. Director since 2008.

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

Bachelor of Arts, Management, University of Sto. Tomas

KATRINA MARIE K. COKENG, 42 years old, Filipino citizen
Director

Elected on 17 September 2021 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, 71 years old, Filipino citizen.
Director

Re-elected on 17 September 2021 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, 71 years old, Filipino citizen.
Director

Re-elected 17 September 2021 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., 65 years old, Filipino citizen
Independent Director

Re-elected on 17 September 2021 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, 75 years old, Filipino citizen.
Director

Re-elected on 17 September 2021 to a one-year term. Director since 1997.

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

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

RUFINO B. TIANGCO, 73 years old, Filipino citizen.
Director

Re-elected on 17 September 2021 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Midbound Vitas Central Terminal & Shipyards Corp.; *President*, Vrukti 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. Tomas

PONCIANO K. MATHAY, 63 years old, Filipino citizen
Senior Vice President, Compliance Officer, and Asst. Corporate Secretary

Re-appointed by the Board on September 17, 2021.

President, MHM Energy Corp.; *Consultant*, Pointwest Technologies Corp.; *Director*, Alcorn Petroleum and Minerals Corporation; *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, 60 years old, Filipino citizen.
Corporate Secretary

Re-elected on 17 September 2021 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 17 September 2021. 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, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

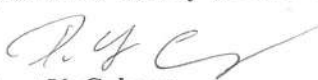
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

Mendoza Querido 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
President/ CEO/ Chairman


Mark Ryan K. Cokeng
Treasurer/Chief Financial Officer

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2022,
affiants exhibiting to me their Driver's Licenses, as follows:

Names	Drivers' 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

Doc.No. 178;
Page No. 35;
Book No. X/1;
Series of 2022

NOTARY PUBLIC
ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05720-Lifetime Member
MCLE Compliance No. 11-0074312
Appointment No. M-021 (2021-2022)
PTR No. 0302515 Jan. 3, 2022
Makati City Roll No. 40041
101 Urbah Ave. Camp Aguinaldo Bldg.
3rd Fl. P.O. Box 1234, Makati City

F & J Prince Holdings Corporation

**Audited Consolidated
Financial Statements
as of
December 31, 2021 and
December 31, 2020**

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	4	3	3	7	0	
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Company Name

[illegible]

Principal Office (No./Street/Barangay/City/Town)Province)

[illegible]

Form Type

A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

	N	A	
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COMPANY INFORMATION

Company's Email Address

fjphco@gmail.com

Company's Telephone Number/s

892-7133 / 892-7131

Mobile Number

N/A

No. of Stockholders

480

Annual Meeting
Month/Day

04/12

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Atty. Fina Bernadette D.C Tantuico

Email Address

fct.law@gmail.com

Telephone Number/s

633-2107

Mobile Number

0917-892-0786

Contact Person's Address

5th Floor BDO Towers Paseo, 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.



Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966

September 22, 2020, valid until

August 22, 2023

SEC Accreditation No. 0966-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of F & J Prince Holdings Corporation and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2021, and the 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 to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Initial Audit Considerations

We considered this as a key audit matter as initial audit requires additional planning activities and considerations necessary to establish an appropriate audit plan and strategy, and the performance of audit procedures in addition to those performed in recurring audits. These include (a) gaining understanding of the Group and its business including its control environment and information systems; (b) evaluation of the selection and consistent application of the accounting policies; and (c) performing audit procedures on the opening balances.

Audit response

We obtained an understanding of the Group and its businesses, including its control environment, key processes, information systems and accounting policies and practices. Based on such understanding, we developed our audit risk assessments, audit strategy and detailed work plan. We engaged in discussions with management to understand their selection and application of accounting policies, focusing on those areas involving significant management estimates and judgments. We also communicated with the auditor of the prior periods. Further, we performed audit procedures on the material opening balances, including prior period adjustments.

Accounting for Investments in Associates

The Group owns 35% and 30% of Business Process Outsourcing International Inc. (BPO) and Pointwest Technologies Corporation (PTC), respectively. These investments in associates are accounted for under the equity method. The accounting for these investments is significant to our audit because of the substantial amount of the Group's investment in and its share in net earnings and other comprehensive income of these associates. As of December 31, 2021, the investments in associates amounted to ₱250.3 million, and the Group's equity in net earnings and share in other comprehensive income of associates for the year then ended amounted to ₱19.4 million and ₱13.4 million, respectively.

Refer to Note 11 for the discussion of the investments in associates.

Audit 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 Matter

The consolidated financial statements of the Group as of and for the year ended December 31, 2020 and for each of the three years in the period then ended were audited by another auditor whose report thereon dated May 31, 2021 expressed an unmodified opinion on those statements.

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.


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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements as of and for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For the Firm: **MENDOZA QUERIDO & CO.**


EMMANUEL Y. MENDOZA
 Partner
 CPA Certificate No. 84318
 SEC Accreditation No. 84318-SEC (Group A)
 November 4, 2021, valid until November 3, 2022
 TIN 102-092-096
 BIR Accreditation No. 08-002617-1-2022,
 January 25, 2022, valid until January 25, 2025
 PTR No. 8856592, January 7, 2022, Makati City

May 13, 2022

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With comparative figures for 2020)

(Amounts in Philippine Peso)

	Notes	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	3, 5	P506,730,242	P523,539,241
Financial assets at fair value through profit or loss (FVTPL)	3, 6	230,605,109	161,006,477
Receivables – net	3, 4, 7	6,539,068	8,722,055
Due from related parties – net	3, 4, 21	17,313,958	22,064,399
Financial assets at fair value through other comprehensive income – current	3, 4, 9	355,418	582,302
Prepayments and other current assets	3, 4, 8	35,472,539	35,741,882
Total Current Assets		797,016,334	751,656,356
Noncurrent Assets			
Convertible notes receivable	3, 4, 10	56,057,641	42,121,200
Financial assets at fair value through other comprehensive income – noncurrent	3, 4, 9	395,096,847	350,059,907
Investments in associates	3, 4, 11	250,329,635	278,910,706
Investment in rights issue subscription	3, 12	26,499,000	19,214,400
Investment properties – net	3, 4, 14	373,683,237	382,487,423
Property and equipment – net	3, 4, 13	4,762,944	6,038,953
Deferred tax assets	3, 4, 19	–	14,040,169
Other noncurrent assets	3, 15	29,116,134	29,096,134
Total Noncurrent Assets		1,135,545,438	1,121,968,892
TOTAL ASSETS		P1,932,561,772	P1,873,625,248
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	3, 4, 16	P7,744,561	P6,764,213
Provision for legal obligation	3, 24	5,000,000	5,000,000
Dividends payable	28	6,422,407	6,827,294
Income tax payable	3, 19	60,199	–
Total Current Liabilities		19,227,167	18,591,507
Noncurrent Liabilities			
Retirement benefit obligation	3, 17	15,741,117	16,606,435
Deferred tax liabilities	3, 4, 19	6,619,516	–
Deposits payable – noncurrent		2,555,315	2,759,765
Total Noncurrent Liabilities		24,915,948	19,366,200
Total Liabilities		44,143,115	37,957,707
EQUITY			
Common stock	3, 20, 27	481,827,653	481,827,653
Additional paid in capital	3, 20, 27	144,759,977	144,759,977
Treasury shares	3, 20, 27	(102,094,826)	(102,094,826)
Net unrealized valuation losses on financial assets at FVOCI	3, 4, 9	(13,502,944)	(25,688,597)
Remeasurement gains (losses) on retirement benefit obligation	3, 17	1,005,072	(667,428)
Accumulated share in other comprehensive income of associates	11	87,890,753	74,492,608
Retained earnings	3, 20, 27	1,214,760,272	1,190,632,669
Equity Attributable to Equity Holders of the Parent Company		1,814,645,957	1,763,262,056
Noncontrolling Interests		73,772,700	72,405,485
Total Equity		1,888,418,657	1,835,667,541
TOTAL LIABILITIES AND EQUITY		P1,932,561,772	P1,873,625,248

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

(With comparative figures for 2020 and 2019)

(Amounts in Philippine Peso)

	Notes	2021	2020	2019
INCOME				
Fair value gains on financial assets at FVTPL	6	₱45,914,152	₱30,343,911	₱39,814,192
Foreign exchange gains (losses)		31,420,743	8,452,658	(11,668,351)
Rent		21,977,095	23,332,404	25,140,621
Equity in net earnings of associates	11	19,412,918	32,071,045	5,344,072
Interest income	5	18,256,592	21,230,125	36,276,018
Dividend income		4,615,366	3,654,824	4,856,887
Gain (loss) on disposal of:				
Financial assets at FVTPL	6	91,833	21,917,315	3,435
Financial assets at FVOCI	9	2,133,926	(2,117,381)	3,915,722
Property and equipment		(929)	363,762	—
Other income	18	—	10,102,064	78,240
		143,821,696	149,350,727	103,760,836
EXPENSES				
Fair value losses on financial assets at FVTPL		24,128,982	29,052,839	12,128,218
Personnel expenses				
Salaries and allowances		12,880,232	11,211,545	11,128,299
Retirement benefits	17	1,540,460	1,709,284	1,823,410
Other employee benefits		335,592	2,071,826	2,041,635
Depreciation	13	10,082,792	10,132,669	10,449,348
Condominium dues		3,352,782	2,720,504	2,031,985
Professional fees		3,638,500	2,781,621	2,886,547
Outside services		1,222,228	1,222,228	1,222,228
Taxes and licenses		1,070,733	1,118,237	1,823,085
Bank charges		741,344	2,937,783	508,954
Foreign exchange losses		395,335	36,672,222	11,183,895
Entertainment, amusement and recreation		389,502	293,310	400,343
Utilities		370,917	407,518	459,217
Expected credit losses		74,142	—	674,413
Others		1,839,368	930,772	1,255,908
		62,062,909	103,262,358	60,017,485
INCOME BEFORE INCOME TAX		81,758,787	46,088,369	43,743,351
PROVISION FOR (BENEFIT FROM) INCOME TAX	19			
Current				
Regular		(731,131)	4,379,972	10,642,931
Final		927,312	1,406,778	3,712,380
Deferred		17,030,145	(3,125,469)	(4,261,351)
		17,226,326	2,661,281	10,093,960
NET INCOME		₱64,532,461	₱43,427,088	₱33,649,391
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱62,496,955	₱43,024,955	₱32,205,281
Noncontrolling interests		2,035,506	402,133	1,444,110
		₱64,532,461	₱43,427,088	₱33,649,391
Basic/Diluted Earnings per Share for Net Income				
Attributable to Equity Holders of Parent Company	22	₱0.16	₱0.11	₱0.08

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative figures for 2020 and 2019)
(Amounts in Philippine Peso)

	Notes	2021	2020	2019
NET INCOME		P64,532,461	P43,427,088	P33,649,391
OTHER COMPREHENSIVE INCOME				
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>				
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI, net of tax effect	21	(6,858,257)	(18,513,532)	20,724,595
Cumulative translation adjustment	11	11,638,861	(16,776,528)	(7,733,503)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI, net of tax effect	21	19,792,442	11,007,846	(57,777,689)
Actuarial gains on retirement benefit obligation, net of tax effect	17	1,758,376	2,413,221	(2,676,495)
Share in other comprehensive income of associates	11	1,759,284	419,894	26,238,374
		28,090,706	(21,449,099)	(21,224,718)
TOTAL COMPREHENSIVE INCOME		P92,623,167	P21,977,989	P12,424,673
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		P89,753,253	P21,829,494	P12,176,889
Noncontrolling interests		2,869,914	148,495	247,784
		P92,623,167	P21,977,989	P12,424,673

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative figures for 2020 and 2019)
(Amounts in Philippine Peso)

	Equity Attributable to Equity Holders of the Parent Company							Total	Noncontrolling Interests	Total Equity
	Common Stock (Note 20)	Additional Paid in Capital (Note 20)	Treasury Shares (Note 20)	Net Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 9)	Actuarial Losses on Retirement Benefit Obligation (Note 17)	Share in Other Comprehensive Income of Associates (Note 11)	Retained Earnings (Note 20)			
Balances as at January 1, 2019	₱481,827,653	₱144,759,977	(₱101,777,276)	₱17,432,186	(₱416,121)	₱72,344,371	₱1,230,524,692	₱1,844,695,482	₱72,853,866	₱1,917,549,348
Net income for the year	-	-	-	-	-	-	32,205,281	32,205,281	1,444,110	33,649,391
Other comprehensive income										
Net unrealized valuation gains on changes in fair value of financial assets at FVOCI	-	-	-	(35,990,381)	-	-	-	(35,990,381)	(1,062,713)	(37,053,094)
Actuarial losses on retirement benefit obligation	-	-	-	-	(2,542,882)	-	-	(2,542,882)	(133,613)	(2,676,495)
Share in other comprehensive income of associates	-	-	-	-	-	18,504,871	-	18,504,871	-	18,504,871
Total comprehensive income 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										
- ₱0.20 per share	-	-	-	-	-	-	(76,751,907)	(76,751,907)	-	(76,751,907)
Acquisition of treasury shares	-	-	(192,050)	-	-	-	-	(192,050)	-	(192,050)
Dividends declared by the subsidiary to the noncontrolling interests	-	-	-	-	-	-	-	-	(844,660)	(844,660)
Balances as at December 31, 2019	₱481,827,653	₱144,759,977	(₱101,969,326)	(₱18,558,195)	(₱2,959,003)	₱90,849,242	₱1,185,978,066	₱1,779,928,414	₱72,256,990	₱1,852,185,404

	Equity Attributable to Equity Holders of the Parent Company							Total	Noncontrolling Interests	Total Equity
	Common Stock (Note 20)	Additional Paid in Capital (Note 20)	Treasury Shares (Note 20)	Net Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 9)	Actuarial Losses on Retirement Benefit Obligation (Note 17)	Share in Other Comprehensive Income of Associates (Note 11)	Retained Earnings (Note 20)			
Balances as 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 gains on changes in fair value of financial assets at FVOCI	-	-	-	(7,130,402)	-	-	-	(7,130,402)	(375,284)	(7,505,686)
Actuarial losses on retirement benefit obligation	-	-	-	-	2,291,575	-	-	2,291,575	121,646	2,413,221
Share in other comprehensive income of associates	-	-	-	-	-	(16,356,634)	-	(16,356,634)	-	(16,356,634)
Total comprehensive income 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	-	-	-	-	-	-	(38,370,352)	(38,370,352)	-	(38,370,352)
Acquisition of treasury shares	-	-	(125,500)	-	-	-	-	(125,500)	-	(125,500)
Balances as at										
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

Equity Attributable to Equity Holders of the Parent Company										
	Common Stock (Note 20)	Additional Paid in Capital (Note 20)	Treasury Shares (Note 20)	Net Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 9)	Actuarial Losses on Retirement Benefit Obligation (Note 17)	Share in Other Comprehensive Income of Associates (Note 11)	Retained Earnings (Note 20)	Total	Noncontrolling Interests	Total Equity
Balances as at January 1, 2021	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
Net income for the year	-	-	-	-	-	-	62,496,955	62,496,955	2,035,506	64,532,461
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Net unrealized valuation gains on changes in fair value of financial assets at FVOCI	-	-	-	12,185,653	-	-	-	12,185,653	748,532	12,934,185
Actuarial losses on retirement benefit obligation	-	-	-	-	1,672,500	-	-	1,672,500	85,876	1,758,376
Share in other comprehensive income of associates	-	-	-	-	-	13,398,145	-	13,398,145	-	13,398,145
Total comprehensive income for the year	-	-	-	12,185,653	1,672,500	13,398,145	62,496,955	89,753,253	2,869,914	92,623,167
Dividends declared – P0.10 per share	-	-	-	-	-	-	(38,369,352)	(38,369,352)	-	(38,369,352)
Dividends declared by the subsidiary to the noncontrolling interests	-	-	-	-	-	-	-	-	(1,502,699)	(1,502,699)
Balances as at December 31, 2021	P481,827,653	P144,759,977	(P102,094,826)	(P13,502,944)	P1,005,072	P87,890,753	P1,214,760,272	P1,814,645,957	P73,772,700	P1,888,418,657

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(With comparative figures for 2020 and 2019)

(Amounts in Philippine Peso)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱81,758,787	₱46,088,369	₱43,743,351
Adjustments for:	20			
Equity in net losses (gains) of associates		(19,412,918)	(32,071,045)	(5,344,072)
Net foreign exchange losses (gains)		(31,025,408)	17,503,286	(7,844,775)
Fair value losses (gains) on financial assets at FVTPL	6	(21,785,170)	(1,291,073)	(27,685,974)
Interest income	5	(18,256,592)	(21,230,126)	(36,276,019)
Dividend income		(4,615,366)	(3,654,824)	(4,856,887)
Depreciation and amortization	13	10,082,792	10,132,670	10,449,348
Losses (gains) on disposal of:				
Financial assets at FVTPL	6	(91,833)	(21,917,315)	(3,435)
Financial assets at FVOCI	9	(2,133,926)	2,117,381	(3,915,722)
Property and equipment	13	929	(363,762)	—
Retirement benefit cost	17	1,540,460	1,709,284	1,071,702
Expected credit losses	4	74,142	—	640,692
Operating income (loss) before working capital changes		(3,864,103)	(2,977,155)	(30,021,791)
Decrease (increase) in:				
Receivables		3,681,880	(4,530,394)	121,644
Due from related parties		4,698,069	(135,295)	(21,503)
Prepayments and other current assets		2,106,052	(6,818,052)	348,419
Other noncurrent assets		(20,000)	26,060	(28,392,677)
Increase (decrease) in:				
Trade and other payables		437,848	(3,542,047)	2,254,373
Deposits payable		338,050	—	699,415
Proceeds from disposal of financial assets at FVTPL	6	5,195,854	152,511,627	7,352,604
Additions to financial assets at FVTPL	6	(52,917,483)	(41,662,888)	(23,571,711)
Net cash generated from (used in) operations		(40,343,833)	92,871,856	(71,231,227)
Interest received		12,715,572	22,945,035	37,530,186
Dividends received		66,007,500	13,539,991	33,434,345
Income taxes paid		(1,972,691)	(10,425,539)	(7,239,176)
Net cash provided by operating activities		36,406,548	118,931,343	(7,505,872)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVOCI	9	47,336,717	74,213,138	94,533,553
Property and equipment	13	—	469,000	—
Additions to:				
Financial assets at FVOCI	9	(53,961,455)	(115,288,123)	(7,638,469)
Property and equipment	13	(3,526)	(189,553)	(9,567)
Investment properties	14	—	—	(189,876)
Investments in associates	11	—	—	(30)
Convertible notes receivable	10	(9,673,600)	(42,121,200)	—
Rights issue subscription	12	(7,284,600)	(19,214,400)	—
Net cash used in investing activities		(23,586,464)	(102,131,138)	86,695,611

(Forward)

	Notes	2021	2020	2019
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid	28	(P38,774,239)	(P37,778,268)	(P75,655,719)
Acquisition of treasury shares	20	—	(125,500)	(192,050)
Dividends to noncontrolling interests		(1,502,699)	—	(844,660)
Cash used in financing activities		(40,276,938)	(37,903,768)	(76,692,429)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		10,647,855	(37,609,866)	8,384,334
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(16,808,999)	(58,713,429)	10,881,644
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		523,539,241	582,252,670	571,371,026
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	5	P506,730,242	P523,539,241	P582,252,670

See accompanying Notes to Separate Financial Statements.

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 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, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as a "Group") as December 31, 2021 and for the year ended December 31, 2021 were approved and authorized for issuance by the Board of Directors (BOD) on May 13, 2022.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest Peso except as otherwise indicated.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance 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.

2.3 Basis of Measurement

The Group also prepares and issues separate financial statements for the same period presented in accordance with PFRSs which can be accessed by public either through its website or from the SEC.

2.4 Basis of Consolidation

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 Basis
Financial assets at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation

3. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

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

3.1 Adoption of Amendments to Standards

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

- Amendments to PFRS 16, *Leases - COVID-19-Related Concessions beyond June 30, 2021*. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

This amendment is effective for annual periods beginning on or after April 1, 2021.

These amendments had no impact on the consolidated financial statements of the Group.

3.2 Amendments to Standards Issued but not yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2021, and have not been applied in preparing the consolidated financial statements are summarized below.

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

- Amendments to PFRS 3, *Business Combinations - Reference to the Conceptual Framework*. The amendments add an exception to the recognition principle of PFRS 3 to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies*, if incurred separately. It also clarifies that contingent assets do not qualify recognition at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022.
- Amendments to PAS 16, *Property, Plant and Equipment- Proceeds before Intended Use*. The amendments prohibit the entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Instead, the entity recognizes such sales proceeds and any related costs in the profit or loss.
- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Costs of Fulfilling a Contract*. The amendments specify the costs a Group includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a "directly related approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

- Annual Improvements to PFRS Standards 2018 - 2020 Cycle
 - Amendments to PFRS 1, *First-time Adoption of PFRS - Subsidiary as a First-time Adopter*.
The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.
 - Amendments to PFRS 9, Financial Instruments - Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities.
The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
 - Amendments to PFRS 16, Leases - *Lease Incentives*.
The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
 - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements*.
The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

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

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.
- PFRS 17, *Insurance Contracts*. This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfilment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to the standard, including a deferral of its effective date to January 2023.
- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*. The amendments to PAS 1 specify the requirements for classifying current and noncurrent liabilities. The amendments will clarify that a right to defer must exist at the end of reporting period and the classification is unaffected by the likelihood that an entity will exercise its deferral right. The issuance of amendments was deferred until January 1, 2023, as a result of COVID-19 pandemic.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The

amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

- Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure Initiative -Accounting Policies*. The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Group.

3.3 Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements 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.

3.4 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 are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; 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.

3.5 Financial Instruments

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

3.5.1 Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts 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 fair value through profit or loss, transaction costs. Accounts 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 amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will

result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. 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 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.

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

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables, due from related parties, and convertible notes receivable.

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 fair value through OCI (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 fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 statement of profit or loss 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 the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss 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 flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, 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 eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the separate statement of financial position at fair value. Gains and losses arising from fair value changes are recognized in the separate statement of income.

Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. 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 effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The 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 ECLs will be recognized throughout the life of financial assets. A loss allowance at an amount equal to lifetime ECLs 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. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

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

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

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

3.5.2 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, "Due to related parties", "Dividends payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards).

Derecognition

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

3.5.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements 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 counter parties.

3.6 Prepayments and Other Current Assets

3.6.1 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.

3.6.2 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 separate 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 separate statement of financial position to the extent of the recoverable amount.

3.7 Investments in Associates

An associate is an entity in 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 cost method of accounting.

Under the cost method, the investment in associates are carried in the separate statement of financial position at cost plus post-acquisition changes arising only from additional investments less subsequent withdrawal of shares. The Group recognizes income from the investment only to the extent that the Group receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment. After application of the cost method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

3.8 Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income of such period.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Property and Equipment	Number of Years
Transportation equipment	10
Furniture, fixtures, and equipment	5
Condominium improvements	10 or useful life whichever is shorter

Expected useful lives are reviewed at each statement of financial position date and if they differ significantly from previous estimates, the remaining depreciation periods are adjusted accordingly.

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 statement of comprehensive income in the year the asset is derecognized.

3.9 Accrued Expenses and other payables

3.9.1 Accrued Expenses

Accrued expenses are recognized in the period in which the related money, goods or services are received or incurred and have been invoiced or formally agreed with the supplier. These are non-interest bearing and are stated at their amortized cost if payable beyond 12 months otherwise are stated at undiscounted amount.

3.9.2 Other Payables

Other payables include government-imposed obligations such as withholding taxes, statutory payroll obligations and income tax payable to the Local Government Unit (LGU) and are stated at cost.

3.10 Impairment of Nonfinancial Assets

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

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

3.11 Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Adjustment is reflected in the right-of-use asset, of profit or loss if the right-of-use asset is already reduced to zero.

3.12 Capital Stock

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.

3.13 Retained Earnings

The amount included in retained earnings includes income attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the BOD. 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 relevant transitional provisions.

3.14 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.

3.14.1 Dividend income

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

3.14.2 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. Interest income is recognized in the consolidated statements of income.

3.14.4 Rent income

Rent income arising from operating lease on investment properties is accounted for on a straight-line basis over the non-cancellable lease term and is included in revenue in the consolidated statements of income.

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.

3.14.5 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.

3.15 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 are incurred.

3.16 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.

Remeasurement 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 statements of comprehensive income in the period in which they occur. Remeasurement are not reclassified to the consolidated statements of income in subsequent periods.

Past service costs are recognized in the consolidated statements 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 statements 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

3.17 Leases

3.17.1 Group 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 separate statement of income.

3.18 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 profit or loss. 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.

3.19 Income Taxes

3.19.1 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.

3.19.2 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 of 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 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 statements of income.

3.20 Provisions, Contingent Assets and Contingent Liabilities

3.20.1 Provisions

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

3.20.2 Contingencies

Contingent assets and 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 separate financial statements but are disclosed when an inflow of economic benefits is probable.

3.21 Earnings per Share (EPS)

Basic EPS is computed by dividing earnings applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Outstanding share options plan (SOP) shares will have a dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option. Where the effect of the exercise of all outstanding options has anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Potential ordinary shares are weighted for the period they are outstanding. Potential ordinary shares that are converted into ordinary shares during the period are included in the calculation of diluted EPS from the beginning of the period to the date of conversion; from the date of conversion, the resulting ordinary shares are included in both basic and diluted EPS.

3.22 Related Party Transactions

Transactions with related parties accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts.

3.23 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).

3.24 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 separate financial statements and related notes. The judgments, estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. Actual results could differ from such estimates.

Judgments and estimates 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:

4.1 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 separate financial statements:

Determination of Significant Influence over an Investee Company

The Group considers its investments in Pointwest Technologies Corporation (PTC) and Business Process Outsourcing International, Inc. (BPO) as investments in associates. The Group concluded that given its 30% and 35% ownership interest in PTC and BPO, 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.

4.1.1 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 separate 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.

4.1.2 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 ₱56.1 million and ₱42.1 million as at December 31, 2021 and 2020, respectively, met the SPPI criterion.

4.1.3 Evaluation of Business Model in Managing Financial

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.

4.2 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 separate financial statements. Actual results could differ from such estimates.

4.2.1 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 judgment. While significant components of fair value measurement were determined using verifiable objective evidence, (i.e., quoted prices, interest rates, foreign exchange rates), the amount of changes in fair value would differ if the Group utilized 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 presented in Note 26.

4.2.2 Estimating Provision for Expected Credit Losses

The Group uses the general approach to calculate expected credit losses for receivables. The provision rates are based on days past due for each customer. 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 expected credit losses is disclosed in Note 9.

In 2021, the Group recognized additional provision for expected credit losses on its receivables amounting to ₱0.07 million.

The aggregate allowance for expected credit losses on receivables amounted to ₱189.6 million and ₱189.5 million as at December 31, 2021 and 2020. The receivables, net of allowance for expected credit losses, amounted to ₱23.9 million and ₱30.8 million as at December 31, 2021 and 2020, respectively (see Notes 7 and 21).

4.2.3 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.

Expected credit losses amounted to ₱0.7 million in December 31, 2019. The carrying value of debt securities classified as financial assets at FVOCI amounted to ₱165.8 million and ₱202.1 million as at December 31, 2021 and 2020, respectively (see Note 9).

4.2.4 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 ₱250 million and ₱278.9 million as at December 31, 2021 and 2020 (see Note 11).

4.2.5 Estimating Impairment of Nonfinancial Assets

The Group determines whether prepayments and other current assets, property and equipment, 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, 2021 and 2020 presented below:

	Notes	2021	2020
Prepayments and other current assets	8	P35,472,539	P35,741,882
Property and equipment – net	13	4,762,944	6,038,953
Investment properties – net	14	373,683,237	382,487,423
Other noncurrent assets	15	2,857,386	2,837,386
		P416,776,106	P427,105,644

4.2.6 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 tax asset on its temporary differences amounting to P288.4 million as of December 31, 2021 and 2020 as management believes that sufficient future taxable income will not be available to allow all or part of the deferred tax assets to be utilized (see Note 19).

5. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand and with banks	P112,731,133	P123,541,916
Short-term placements	393,999,109	399,997,325
	P506,730,242	P523,539,241

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 0.625% to 3.25% in 2021 and 0.6% to 3.8% in 2020.

Interest income earned from these bank deposits and short-term placements amounted to P2.8 million, P7.9 million and P18.9 million in 2021, 2020 and 2019, respectively.

6. Financial Assets at Fair Value Through Profit or Loss (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 roll forward of the Group's investments in financial assets at FVTPL is as follows:

	2021	2020
Balances at beginning of year	₱161,006,477	₱248,646,828
Additions	52,917,483	41,662,888
Disposals	(5,104,021)	(130,594,311)
Changes in fair value during the year	21,785,170	1,291,072
Balances at end of year	₱230,605,109	₱161,006,477

The carrying value of financial assets at FVTPL includes cumulative unrealized gain on fair value changes amounting to ₱72.5 million and ₱50.7 million in 2021 and 2020, respectively.

	2021	2020
Beginning balances	₱50,693,194	₱49,402,122
Changes in fair value during the year	21,785,170	1,291,072
Net accumulated fair value in FVTPL	₱72,478,364	₱50,693,194

Dividend income earned on investments in financial assets at FVTPL amounted to ₱4.5 million, ₱2.8 million, and ₱3.7 million in 2021, 2020 and 2019, respectively.

The Group recognized gain on disposal of financial asset at FVTPL amounting to ₱0.09 million, ₱21.9 million and ₱0.03 million in 2021, 2020 and 2019, respectively.

7. Receivables – net

This account consists of:

	Note	2021	2020
Accrued interest		₱5,999,000	₱4,478,337
Rent receivable	12	1,474,265	5,135,246
Others		48,941	69,840
		7,522,206	9,683,423
Less: allowance for expected credit losses		983,138	961,368
		₱6,539,068	₱8,722,055

Accrued interest from third parties pertain 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. Prepayments and Other Current Assets

This account consists of:

	2021	2020
Current input tax	₱27,640,066	₱29,573,424
Deposits on contracts	3,128,771	3,278,771
Creditable withholding tax	2,181,031	239,970
Prepaid expenses	1,264,111	1,357,556
Prepaid income tax	1,105,857	1,210,209
Deferred Input Tax	152,703	81,952
	₱35,472,539	₱35,741,882

Input VAT represents tax paid on purchases of applicable goods and services and can be recovered as tax credit against future tax liability of the Company upon approval by the Bureau of Internal Revenue (BIR) and/or the Bureau of Customs (BOC).

9. Financial Assets at Fair Value through Comprehensive Income (FVOCI)

This account consists of:

	2021	2020
Quoted		
Debt securities, net of allowance for impairment loss of P2.1 million	P165,813,015	P202,116,952
Equity securities	21,734,249	21,330,499
Unquoted equity securities	207,905,001	127,194,758
	P395,452,265	P350,642,209

Movements in financial assets at FVOCI financial assets are as follows:

	2021	2020
Beginning balances	P350,642,209	P300,512,853
Additions	53,961,455	115,288,123
Disposals	(45,202,791)	(76,825,092)
Changes recognized in profit or loss	20,135,069	20,154,411
Movements in net unrealized valuation gains (losses)	15,916,323	(8,488,086)
	P395,452,265	P350,642,209

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 statements of comprehensive income. The debt securities bear fixed interest rates ranging from 4.75% to 6.625% in 2021, 4.337% to 7.25% in 2020 and 4.375% to 7.25%. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

The Group has investment in government issued debt security that is a peso-denominated, fixed-income Philippine Treasury Note with an effective interest rate of 8.125%

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 of December 31, 2021 and 2020. 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:

	2021	2020
Beginning balances	(P20,578,970)	(P13,073,284)
Movements in fair value before tax	15,752,983	(8,934,827)
Tax effect	(2,982,138)	1,429,141
	(P7,808,125)	(P20,578,970)

Allowance for expected credit losses on financial assets at FVOCI amounted to P2.1 million as of December 31, 2021 and 2020.

Net unrealized valuation losses on financial assets at FVOCI attributable to equity holders of the Group amounted to P12.2 million and P7.1 million in 2021 and 2020, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to P11.0 million, P13.4 million and P17.4 million in 2021, 2020 and 2019, respectively, presented as "Interest income" in the consolidated statements of income.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to ₱0.1 million, ₱0.9 million and ₱1.1 million in 2021, 2020 and 2019, respectively.

The Group disposed certain financial assets at FVOCI and recognized a gain (loss) from disposal amounting to ₱2.1 million, (₱2.1 million) and ₱3.9 million in 2021, 2020 and 2019, 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 US\$1,050,000 and US\$850,000 was paid for the years ended December 31, 2021 and 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 US\$1,500,000;
- 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 carrying amount of the Notes amounted to ₱56.1 million and ₱42.1 million as at December 31, 2021 and 2020, respectively.

Interest income earned amounted to ₱4.4 million in December 31, 2021.

11. Investment in Associates

This account consists of:

	2021	2020
Acquisition cost	₱193,760,135	₱193,760,135
Accumulated equity in net earnings:		
As at beginning of year	179,980,700	178,669,649
Share in net income of associates	19,412,918	32,071,045
Share in other comprehensive income from associates	1,759,284	419,894
Share in dividends declared by associates	(61,392,134)	(14,403,360)
Cumulative translation adjustment	11,638,861	(16,776,528)
	151,399,629	179,980,700
	345,159,764	373,740,835
Less: allowance for impairment losses	(94,830,129)	(94,830,129)
	₱250,329,635	₱278,910,706

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

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investments	
			2021	2020
MUDC	Philippines	43%	₱94,830,129	₱94,830,129
Less: allowance for impairment losses			(94,830,129)	(94,830,129)
			—	—
PTC	Philippines	30%	161,165,221	203,003,334
BPO	Philippines	35%	89,164,414	75,907,372
			₱250,329,635	₱278,910,706

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 September 1, 2021, PTC declared cash dividends amounting to \$2.0 million or \$0.00147 per share of the outstanding stocks. Dividends shall be payable on or before October 31, 2021.

On December 16, 2021, PTC declared another cash dividends amounting to \$2.0 million or \$0.00147 per share of the outstanding stocks. Dividends shall be payable on or before February 28, 2022.

On September 17, 2020, PTC declared cash dividends amounting to \$0.8 million or \$0.0055 per share of the outstanding stocks. Dividends shall be payable on or before April 30, 2021 (see Note 19).

The Group's share in the dividends declared amounted to ₱30.8 million and ₱30.4 million in 2021 and ₱10.9 million in 2020.

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

	2021	2020
Current assets	₱675,339	₱676,233
Noncurrent assets	109,512	267,288
Total assets	784,851	943,522
Current liabilities	241,150	225,997
Noncurrent liabilities	6,484	40,847
Total liabilities	247,634	266,844
Equity	537,217	676,678
Revenues	752,052	714,638
Operating income	36,912	58,956
Net income	20,797	76,222
OCI	5,586	1,400
Group's share in net income	6,239	22,867
Group's share in OCI	13,315	(16,357)

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 ₱10.0 million or ₱12.82 per share of the outstanding stocks as of record date December 25, 2020. Dividends will be paid in the subsequent year.

The Group's share in the dividends declared amounted to nil and ₱3.5 million in 2021 and 2020, respectively.

Dividend receivable of the Group amounted to ₱1.7 million and ₱10.5 million as of December 31, 2021 and 2020, respectively.

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

	2021	2020
Current assets	P202,043	P172,863
Noncurrent assets	107,674	107,407
Total assets	309,717	280,270
Current liabilities	98,521	109,768
Noncurrent liabilities	15,837	13,020
Total liabilities	114,358	122,787
Equity	195,359	157,482
Revenues	403,299	411,399
Operating income	56,023	36,333
Net income	37,639	26,298
OCI	238	-
Group's share in net income	13,174	9,204
Group's share in OCI	83	-

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, 2021, 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 of December 31, 2021 and 2020, 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.

The Group has investment in MUDC amounting to P94.8 million as of December 31, 2021 and 2020 and advances to MUDC amounting to P188.5 million and P188.4 million as of December 31, 2021 and 2020, respectively. The Group has assessed that its investment in MUDC amounting to P94.8 million as of December 31, 2021 and 2020 and its advances to MUDC amounting to P188.4 million as of December 31, 2021 and 2020 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 of December 31, 2021 and 2020.

12. Investment in Rights Issue Subscription

The Group entered into an agreement with Xen to invest in rights issue subscription amounting to P26.5 million and P19.2 million in 2021 and 2020, respectively. 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, 2021 and 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.

13. Property and Equipment – net

Movements in and compositions of the Group's property and equipment are as follows:

As of December 31, 2021					
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	P20,755,943	P8,764,062	P7,234,510	P3,064,597	P39,819,112
Additions	–	–	–	3,526	3,526
Disposals	–	–	–	(175,687)	(175,687)
Ending balances	20,755,943	8,764,062	7,234,510	2,892,436	39,646,951
Accumulated depreciation					
Beginning balances	16,812,625	8,528,376	5,569,572	2,869,586	33,780,159
Depreciation	830,237	70,547	332,766	45,056	1,278,606
Disposals	–	–	–	(174,758)	(174,758)
Ending balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Net Book Values	P3,113,081	P165,139	P1,332,172	P152,552	P4,762,944

As of December 31, 2020					
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	P20,755,943	P8,764,062	P10,263,081	P2,875,044	P42,658,130
Additions	–	–	–	189,553	189,553
Disposals	–	–	(3,028,571)	–	(3,028,571)
Ending balances	20,755,943	8,764,062	7,234,510	3,064,597	39,819,112
Accumulated depreciation					
Beginning balances	15,982,388	8,457,829	8,081,210	2,853,582	35,375,009
Depreciation	830,237	70,547	411,695	16,004	1,328,483
Disposals	–	–	(2,923,333)	–	(2,923,333)
Ending balances	16,812,625	8,528,376	5,569,572	2,869,586	33,780,159
Net Book Values	P3,943,318	P235,686	P1,664,938	P195,011	P6,038,953

The Group recognized gains on disposal of property and equipment amounting to P0.001 million and P0.4 million in 2021 and 2020, respectively.

Management believes that there is no indication of impairment loss that has occurred on its property and equipment.

14. Investment Properties – net

The roll forward of the Group's investment properties is as follows:

As of December 31, 2021		
	Land	Condominium and Improvements
Cost		
Beginning and ending balances	P46,319,625	P395,755,000
Accumulated depreciation		
Beginning balances	–	59,587,202
Depreciation	–	8,804,186
Ending balances	–	68,391,388
Net Book Values	P46,319,625	P327,363,612

	As of December 31, 2020		
	Land	Condominium and Improvements	Total
Cost			
Beginning and ending balances	P46,319,625	P395,755,000	P442,074,625
Accumulated depreciation			
Beginning balances	–	50,783,016	50,783,016
Depreciation	–	8,804,186	8,804,186
Ending balances	–	59,587,202	59,587,202
Net Book Values	P46,319,625	P336,167,798	P382,487,423

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to P22.0 million, P23.3 million and P25.1 million 2021, 2020 and 2019, respectively (see Note 24). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to P12.2 million, P11.3 million and P10.8 million in 2021, 2020 and 2019, respectively.

The assessed fair value of the investment properties excluding office spaces in Units 5-3 and 5-4 amounted to P1,688.5 million and P1,763.1 million as of December 31, 2021 and 2020, respectively. The fair values of the investment properties are based on valuations performed by an accredited independent valuer in March and April 2021. 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.

15. Other Noncurrent Assets

This account consists of:

	2021	2020
Cash restricted for legal proceedings	P26,258,748	P26,258,748
Refundable deposits	576,080	556,080
Others	2,281,306	2,281,306
	P29,116,134	P29,096,134

As at December 31, 2021 and 2020, cash amounting to P26.3 million has been restricted in relation to the Company's on-going legal proceeding.

16. Trade and Other Payables

This account consists of:

	2021	2020
Deposits payable	P3,802,551	P3,293,050
Accounts payable	749,267	1,180,848
Accrued professional fees	1,262,650	651,426
Government payables	1,930,093	1,671,889
	P7,744,561	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.

17. 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 statements of income, the remeasurement effects recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

	2021	2020
Balances at beginning of the year	P16,606,435	P18,344,610
Retirement expense recognized in the separate statement of income		
Current service cost	619,817	897,887
Interest cost	920,643	811,397
	1,540,460	1,709,284
Remeasurements recognized in OCI		
Actuarial losses (gains) due to:		
Experience adjustments	(2,237,387)	(3,734,360)
Changes in financial assumptions	(168,391)	286,901
	(2,405,778)	(3,447,459)
Balances at end of the year	P15,741,117	P16,606,435

Actuarial gains (losses) on retirement benefit obligation attributable to the equity holders of the Group amounted to P1.7 million and P2.3 million as of December 31, 2021 and 2020, respectively.

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2021	2020
Discount rate	4.30%	4.00%
Salary increase rate	5%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2021 and 2020, assuming if all other assumptions were held constant:

	Effect on Defined Benefit Obligation	
	2021	2020
Discount rate		
+100 basis points	(P211,726)	
+ 50 basis points		(P125,928)
- 100 basis points	248,469	
- 50 basis points		137,199
Salary increase rates		
+100 basis points	P181,607	
+ 50 basis points		P100,939
- 100 basis points	(149,586)	
- 50 basis points		(91,271)

The average duration of the retirement benefit obligation as at December 31, 2021 and 2020 is 6 years and 5 years, respectively.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2021	2020
More than 1 year to 5 years	P15,735,118	P16,766,632
More than 5 years to 10 years	693,854	777,059
More than 15 years to 20 years	5,522,599	5,925,493
	P21,951,571	P23,469,184

18. 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.

19. Income Taxes

On March 26, 2021, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act), was enacted into law. Among other provisions, the CREATE Act impacted the Group on the following:

1. Effective July 1, 2020, the Group's effective corporate income tax was lowered to 25% from 30%. The Group can avail of the lower rate of 20% if its net taxable income is not more than P5 million and total assets not exceeding P100 million.
2. Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax (MCIT) was lowered from 2% to 1%.

3. The imposition of 10% tax on improperly accumulated earnings was repealed.

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:

	2021	2020	2019
Statutory income tax	P20,439,697	P13,847,911	P13,123,005
Adjustments to income tax arising from:			
Non-deductible expenses	345,574	3,773,162	4,001,918
Non-taxable income	(2,250,579)	—	—
Dividend income exempt from tax	(23,001,634)	(3,210,047)	(320,582)
Equity in net losses (earnings) of associates	(4,853,230)	(9,621,314)	(1,603,222)
Tax rate difference on dividend income subjected to final tax	(127,007)	—	—
Tax rate difference on interest income subjected to final tax	(133,424)	(2,128,431)	(5,107,159)
Movements in unrecognized deferred tax assets	25,712,944	—	—
Effect of lower income tax rate	1,093,985	—	—
	P17,226,326	P2,661,281	P10,093,960

The Group's net deferred income taxes as of December 31, 2021 and 2020 are as follows:

2021				
	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains (losses) on financial assets at FVOCI	P5,958,628	(P725,852)	(P3,659,557)	P1,573,219
Unrealized foreign exchange gains	965,308	(6,032,537)	—	(5,067,229)
Retirement benefit obligation	5,050,959	(468,276)	30,017	4,612,700
Advance rental	53,438	(57,523)	—	(4,085)
NOLCO	2,975,727	(821,840)	—	2,153,887
MCIT	187,058	(54,034)	—	133,024
Unrealized valuation loss on financial assets at FVTPL	(8,764,879)	(7,597,204)	—	(16,362,083)
Allowance for expected credit losses on receivables, financial assets at FVOCI	7,613,930	(1,272,879)	—	6,341,051
	P14,040,169	(P17,030,145)	(P3,629,540)	(P6,619,516)
2020				
	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains (losses) on financial assets at FVOCI	P4,529,487	P—	P1,429,141	P5,958,628
Unrealized foreign exchange gains	(2,898,673)	3,863,981	—	965,308
Retirement benefit obligation	5,572,412	512,785	(1,034,238)	5,050,959
Advance rental	152,533	(99,095)	—	53,438
NOLCO	14,063	2,961,664	—	2,975,727
MCIT	—	—	—	187,058
Unrealized valuation loss on financial assets at FVTPL	(4,463,955)	(4,300,924)	—	(8,764,879)
Allowance for expected credit losses on receivables, financial assets at FVOCI	7,613,930	—	—	7,613,930
	P10,519,797	P3,125,469	P394,903	P14,040,169

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:

	2021	2020
Allowance for impairment losses on due from related parties	P188,612,316	P188,559,944
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
	P288,442,445	P288,390,073

20. Equity

20.01 Common Stock

In accordance with 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 (number of shares and amounts) are as follows:

	2021	2020
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 ₱1 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
First 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 ₱1 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 ₱1 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 ₱481,827,653 with additional paid-in capital of ₱144,759,977. There have been no movements since 2008.

The Parent Company has 480 stockholders as at December 31, 2021 and 2020.

20.02 Treasury Shares

The Group's treasury shares pertains to shares of the Group 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 statements of financial position.

In 2019, PIEI purchased 45,000 Class A shares of the Group with a total cost of ₱0.2 million. In 2020, PIEI purchased additional 36,000 Class A shares with a total cost of ₱0.1 million.

As of December 31, 2021 and 2020, the Group's treasury shares are as follows:

	2021		2020	
	Shares	Amount	Shares	Amount
Balances at beginning of year	98,123,387	₱102,094,826	98,087,387	₱101,969,326
Additions	—	—	36,000	125,500
	98,123,387	₱102,094,826	98,123,387	₱102,094,826

20.03 Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱102.1 million as at December 31, 2021 and 2020, respectively. The balance of retained earnings includes the accumulated equity in net earnings of the subsidiaries and associates amounting to ₱1.2 billion and ₱1.2 billion as at December 31, 2021 and 2020, respectively. Such amounts are not available for distribution until such time that the Group 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 ₱ 72.48 million and ₱50.69 million as at December 31, 2021 and 2020, respectively.

Following are the dividends declared and paid by the Parent Company in 2021, 2020, 2019:

	Declaration date	Record date	Payment date	Description	Per Share	Total
2021	September 17, 2021	October 1, 2021	October 27, 2021	Regular	₱0.10	₱48,182,765
2020	August 18, 2020	September 3, 2020	September 29, 2020	Regular	0.10	₱48,182,765
2019	July 16, 2019	September 23, 2019	October 14, 2019	Regular	0.10	₱48,182,765
	July 16, 2019	October 23, 2019	November 14, 2019	Regular	0.10	₱48,182,765

21. 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" account, are as follows:

	Year	Amount of Transaction	Outstanding Balance	Terms	Conditions
Associates					
BPO					
Rental income	2021	P1,412,410	P -	On demand; non-interest bearing	Unsecured; unimpaired
	2020	1,581,899	150,163	On demand; non-interest bearing	Unsecured; unimpaired
Payroll service expenses	2021	63,682	-	On demand; non-interest bearing	Unsecured; unimpaired
	2020	-	-	On demand; non-interest bearing	Unsecured; unimpaired
Dividends	2021	-	1,749,987	On demand; non-interest bearing	Unsecured; unimpaired
	2020	3,499,974	10,499,923	On demand; non-interest bearing	Unsecured; unimpaired
PTC					
Dividends	2021	61,232,597	15,394,042	On demand; non-interest bearing	Unsecured; unimpaired
	2020	10,903,386	10,903,386	On demand; non-interest bearing	Unsecured; unimpaired
Other Related Parties					
Advances	2021	63,682	169,929	On demand; non-interest bearing	Unsecured; unimpaired
	2020	13,557	510,927	On demand; non-interest bearing	Unsecured; unimpaired
	2021		P17,313,958		
	2020		P22,064,399		

- 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 the same terms and conditions (see Notes 14 and 24).

The future minimum rental income from BPO as at December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	P1,477,146	P1,412,410
After one year but not more than 5 years	123,586	1,477,146
	P1,600,732	P2,889,556

- 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.

Movement of due from related parties, net of expected credit losses, are as follows:

	2021	2020
Due from related parties	P188,782,244	P189,135,876
Rent receivables	17,144,030	21,488,467
Allowance for impairment losses	(188,612,316)	(188,559,944)
	P17,313,958	P22,064,399

Allowance for impairment loss is mainly attributable to advances to MUDC, among others (see Note 11).

Compensation of the key management personnel is as follows:

	2021	2020
Salaries and wages	P8,493,141	P8,493,141
Other benefits	1,415,524	1,415,524
	P9,908,665	P9,908,665

Below are the balances and transactions among related parties which are eliminated in the consolidated financial statements as at December 31, 2021 and 2020.

Amounts Owed by	Amounts Owed to	2021	2020
MCHC	Parent Company	P25,183,005	P-

Dividends Declared by	Dividend Income of	2021	2020
Parent Company	PIEI	P5,029,011	P5,028,011
Parent Company	MCHC	4,784,402	4,784,402
MCHC	Parent Company	25,183,065	-

The transactions pertain to dividend declarations of the Group and MCHC in 2021 and 2020.

22. Earnings Per Share (EPS)

The following table presents information necessary to compute the basic/diluted EPS:

	2021	2020	2019
Net income attributable to equity holders of the parent (a)	P62,496,955	P43,024,955	P32,205,281
Weighted average number of ordinary shares outstanding for basic and diluted EPS (b)	379,732,827	383,721,537	383,959,910
Basic and diluted earnings per share (a/b)	P0.16	P0.11	P0.08

The Group has no potential dilutive instruments issued as of December 31, 2021, 2020 and 2019.

23. 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.

24. Commitments and Contingencies

The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to P4.62 million, P3.65 million and P4.86 million in 2021, 2020 and 2019, respectively (see Note 14). 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 P 6.4 million and 6.0 million as of December 31, 2021 and 2020, respectively, will be returned to the lessees after the lease term.

Future minimum rental income as at December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	P16,027,296	P15,590,691
After one year but not more than two years	563,586	11,782,301
	P16,590,882	P27,372,992

As at December 31, 2021 and 2020, 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 financial position and results of operations.

25. Financial Risk Management Objectives and Policies

25.01 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 make relevant decisions.

25.02 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.

25.03 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 statements 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, 2021 and 2020, the credit qualities per class of financial assets are as follows:

In 2021	Neither past due nor Impaired		Past due but not impaired	Individually impaired	Total
	High grade	Standard grade			
Financial Assets					
Financial assets at amortized cost					
Cash and cash equivalents*	P506,718,242	P-	P-	P-	P506,718,242
Receivables - at gross	6,539,068	-	-	983,138	7,522,206
Due from related parties - at gross	17,313,958	-	-	188,612,316	205,926,274
Cash restricted for legal proceedings	26,258,748	-	-	-	26,258,748
Convertible notes receivable	-	56,057,641	-	-	56,057,641
Financial assets at FVTPL	230,605,109	-	-	-	230,605,109
Financial assets at FVOCI	395,452,265	-	-	1,000,000	396,452,265
	P1,182,887,390	P56,057,641	P-	P190,595,454	P1,429,540,485

*excluding cash on hand

In 2020	Neither past due nor impaired		Past due but not impaired	Individually impaired	Total
	High grade	Standard grade			
Financial Assets					
Financial assets at amortized cost					
Cash and cash equivalents*	P523,527,241	P-	P-	P-	P523,527,241
Receivables - at gross	8,722,055	-	-	961,368	9,683,423
Due from related parties - at gross	22,064,399	-	-	188,559,944	210,624,343
Cash restricted for legal proceedings	26,258,748	-	-	-	26,258,748
Convertible notes receivable	-	-	-	-	42,121,200
Financial assets at FVTPL	161,006,477	-	-	-	161,006,477
Financial assets at FVOCI	350,642,209	-	-	1,000,000	351,642,209
	P1,092,221,129	P42,121,200	P-	P190,521,312	P1,324,863,641

*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. There are no standard grade financial assets as of December 31, 2021 and 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 2021 and 2020, 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 expected credit loss model:

- Cash and Cash equivalents. As of December 31, 2021, 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, 2021, 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, 2021 pertain to the accounts of defaulted companies and accounts from closed companies.
- Debt Instruments measured at Fair Value through Other Comprehensive Income. 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, 2021.

There has been no significant increase in credit risk in any of the Group's financial assets as at December 31, 2021 and 2020.

25.04 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, 2021 and 2020 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.

In 2021

	On demand	Within 1 year	More than 1 year	Total
Financial Assets				
Financial assets at amortized cost				
Cash and cash equivalents	P112,731,133	P393,999,109	P—	P506,730,242
Receivables – net	—	6,539,068	—	6,539,068
Due from related parties – net	—	17,313,958	—	17,313,958
Cash restricted for legal proceedings	26,258,748	—	—	26,258,748
Convertible notes receivable	—	56,057,641	—	56,057,641
Financial assets at FVTPL	—	—	—	230,605,109
Financial assets at FVOCI	—	355,418	395,096,847	395,452,265
Investment in rights issue subscription	—	—	26,499,000	26,499,000
	369,594,990	474,265,194	421,595,847	1,265,456,031
Financial Liabilities				
Trade and other payables*	—	5,814,468	—	5,814,468
Dividends payable	—	6,422,407	—	6,422,407
	—	12,236,875	—	12,236,875
	P369,594,990	P462,028,319	P421,595,847	P1,253,219,156

*excluding statutory payables

In 2020

	On demand	Within 1 year	More than 1 year	Total
Financial Assets				
Financial assets at amortized cost				
Cash and cash equivalents	P123,541,918	P399,997,323	P—	P523,539,241
Receivables – net	—	8,722,055	—	8,722,055
Due from related parties – net	—	22,064,399	—	22,064,399
Cash restricted for legal proceedings	26,258,748	—	—	26,258,748
Convertible notes receivable	—	—	42,121,200	42,121,200
Financial assets at FVTPL	161,006,477	—	—	161,006,477
Financial assets at FVOCI	—	582,302	350,059,907	350,642,209
Investment in rights issue subscription	—	—	19,214,400	19,214,400
	310,807,143	431,366,079	411,395,507	1,153,568,729
Financial Liabilities				
Trade and other payables*	—	5,092,324	—	5,092,324
Dividends payable	—	6,827,294	—	6,827,294
	—	11,919,618	—	11,919,618
	P310,807,143	P419,446,461	P411,395,507	P1,141,649,111

*excluding statutory payables

25.05 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.

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 10):

	2021	2020
Change in interest rate (percentage):		
+10%	P16,581,302	P20,211,695
-10%	(16,581,302)	(20,211,695)

There is no other impact on equity other than those already affecting the income before income tax in profit or loss.

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 US dollar 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:

Currency	2021			Exchange Rate	2020	
	Exchange Rate	Original Currency	Peso Equivalent		Original Currency	Peso Equivalent
Cash and cash equivalents						
USD	50.774	P7,855,595	P398,859,981	48.036	P2,457,653	P118,055,808
EUR	57.512	3,052	175,526	58.690	113,202	6,643,844
HKD	6.510	16,181	105,340	—	—	—
SGD	37.555	1,225	46,005	—	—	—
AUD	36.806	3,410	125,509	—	—	—
Receivables						
USD	50.774	9,855	500,378	48.036	61,763	2,966,845
Financial assets at FVTPL						
USD	50.774	2,232,752	113,365,750	48.036	1,539,220	73,937,995
HKD	6.510	8,817,414	57,402,247	6.194	5,312,811	32,904,894
EUR	57.512	194,920	11,210,181	58.690	192,720	11,310,814
SGD	37.555	118,443	4,448,090	36.120	115,500	4,171,860
AUD	36.806	351,850	12,950,226	—	—	—

(Forward)

Financial assets at FVOCI							
Debt	USD	50.774	4,047,269	205,496,011	48.036	7,331,393	352,170,815
Equity	USD	50.774	4,349,742	220,853,800	—	—	—
	HKD	6.510	2,040,714	13,285,252	6.194	16,591,680	102,760,573
				P1,038,824,296	P704,923,448		

The Group has no foreign-currency-denominated monetary liabilities as of December 31, 2021 and 2020.

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 2021 and 2020, with all other variables held constant, of the Group's 2021 and 2020 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:

Original Currency	2021		2020	
	Strengthened by 5%	Weakened by 5%	Strengthened by 5%	Weakened by 5%
USD	P30,242,819	(P30,242,819)	P23,659,673	(P23,659,673)
EUR	8,776	(8,776)	332,192	(332,192)
SGD	2,300	(2,300)	-	-
AUD	6,275	(6,275)	-	-

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

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 2021 and 2020, with all other variables held constant, of the Group's income before income tax and equity:

Effect on income before income tax:

	2021	2020
Financial assets at FVTPL:		
Change in stock market index		
+10%	P23,060,511	P16,100,648
-10%	(23,060,511)	(16,100,648)

There is no other impact on the Group's equity other than those already affecting the income before income tax.

Effect on equity:

	2021	2020
Investment in equity securities (FVOCI):		
Change in club share prices		
+10%	P22,963,925	P14,852,526
-10%	(22,963,925)	(14,852,526)

26. 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, 2021 and 2020.

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	P230,605,109	P230,605,109	P-	P-	P230,605,109
Financial assets at FVOCI					
Quoted debt securities	165,813,015	165,813,015	-	-	165,813,015
Quoted equity securities	21,734,249	21,734,249	-	-	21,734,249
Unquoted equity securities	207,905,001	-	19,132,666	188,772,335	207,905,001
Investment in rights issue subscription	26,499,000	-	-	26,499,000	26,499,000
	P652,556,374	P418,152,373	P19,132,666	P215,271,335	P652,556,374

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	202,116,952	202,116,952	-	-	202,116,952
Quoted equity securities	21,330,499	21,330,499	-	-	21,330,499
Unquoted equity securities	127,194,758	-	19,660,358	107,534,400	127,194,758
Investment in rights issue subscription					
	P511,648,686	P384,453,928	P19,660,358	P107,534,400	P511,648,686

As at December 31, 2021 and 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 fair value on the basis that there have been no significant changes between the transaction date and the balance sheet date (see Note 12).

As at December 31, 2021 and 2020, 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.

27. Capital Risk Management Objective and Policies

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, 2021 and 2020 are as follows:

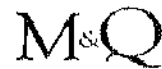
	2021	2020
Common stock	P481,827,653	P481,827,653
Additional paid in capital	144,759,977	144,759,977
Treasury shares	(102,094,826)	(102,094,826)
Retained earnings	1,214,760,272	1,190,632,669
	P1,739,253,076	P1,715,125,473

28. Supplemental Notes to Statement of Cash Flows

The following shows the changes in the Group's liabilities arising from its financing activities in 2021 and 2020:

	As at January 1, 2021	Cash Flows	Dividend Declaration	As at December 31, 2021
Dividends payable	P6,827,294	(P38,774,239)	P38,369,352	P6,422,407

	As at January 1, 2020	Cash Flows	Dividend Declaration	As at December 31, 2020
Dividends payable	P6,235,210	(P37,778,268)	P38,370,352	P6,827,294



Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966

September 22, 2020, valid until
August 22, 2023

SEC Accreditation No. 0986-SEC (Group A)

Issued November 24, 2020

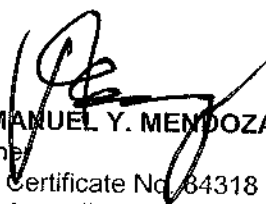
Valid for Financial Periods 2020 to 2024

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
F & J Prince Holdings Corporation
5th Floor, BDO Towers Paseo
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 (the Parent Company) and its subsidiaries as of December 31, 2021 and for year ended December 31, 2021 included in this Form 17-A, and have our issued our report thereon dated May 13, 2022. Our audits was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised SRC Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

For the Firm: **MENDOZA QUERIDO & CO.**


EMMANUEL Y. MENDOZA
Partner
CPA Certificate No. 84318
SEC Accreditation No. 84318-SEC (Group A)
November 4, 2021, valid until November 3, 2022
TIN 102-092-096
BIR Accreditation No. 08-002617-001-2022,
January 25, 2022, valid until January 25, 2025
PTR No. 8856592, January 7, 2022, Makati City

May 13, 2022

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

Schedule I	Supplementary schedules required by Revised Securities Regulation Code (SRC) : Rule 68, Part II, Annex 68-J
Schedule II	Reconciliation of Retained Earnings Available for Dividend Declaration Pursuant to Revised SRC Rule 68, Part II, Annex 68-D and SEC Memorandum Circular No. 11 : s.2008
Schedule III	Map of the Relationships of the Companies within the Group Pursuant to Revised : SRC Rule 68, Part I, 5(G)
Schedule IV	Schedule of Financial Soundness Indicators (Revised SRC Rule 68, Part II, Annex : 68-E)

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2021

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
Aboitiz Equity Ventures	3,120	₱169,884	₱22,623
ABS-CBN Broadcasting	12,000	151,200	—
AIA Group Ltd.	7,800	4,010,117	—
Alibaba Group Holding Ltd.	6,000	4,644,305	—
Amazon.com Inc.	30	5,078,933	—
Anheuser-Busch InBev SA/NV	2,000	6,115,794	57,671
Ayala Corporation	4,078	3,388,818	122
Ayala Land	144,000	5,284,800	—
Baidu Inc.	10,350	9,756,458	—
Bank of China Ltd.	105,000	1,929,903	—
Becton Dickinson and Co.	400	5,130,192	—
Benguet Corporation "B"	2,109	10,756	—
Berkshire Hathaway Inc	3,250	49,339,635	—
Cebu Holdings Inc.	9,375	57,375	—
China Construction Bank	46,000	2,334,925	114,961
China Overseas Land and Investment Ltd.	161,500	19,408,496	1,233,743
Dongfeng Motor Group Corporation Ltd.	50,000	2,109,272	157,537
DuPont de Nemours Inc.	1,800	7,382,743	106,128
Exxon Mobil Corporation	2,200	6,835,094	377,397
General Motors Co.	3,199	9,523,038	—
Industrial and Commercial Bank of China	180,000	5,156,000	372,673
Manila Electric Company	10,754	3,174,581	130,794
Meta Platforms Inc.	1,000	17,077,835	—
Oriental Petroleum "B"	1,260,888,642	13,869,775	630,444
Pepsico Inc.	465	4,101,277	95,634
Petron Corporation	30,939	98,077	—
Philex Mining "A"	335,323	1,827,510	—
Philex Petroleum	41,915	257,777	—
Ping An Insurance Co. Ltd.	33,000	12,062,890	229,215
QBE Insurance Group Ltd.	31,000	12,950,226	125,288
Rockwell Land Corporation	28,616	42,351	817
San Miguel Corporation "A"	12,240	1,406,376	21,673
San Miguel Corporation "B"	12,464	1,432,114	—
Sanofi S.A	1,000	5,094,386	185,222
Singapore Telecommunications Ltd.	51,053	4,448,090	45,489
Taiwan Semiconductor Mfg. Co.	800	4,886,896	37,808
Top Frontier Investment Holdings, Inc.	448	57,210	—
		₱230,605,109	₱3,945,238

*Amounts are based on the fair value of the financial 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
ABJA Investment Co.	400,000	11,294,375	445,368
Allianz Thematica	150,000	7,620,353	—
ASLAN Pharmaceuticals	187,200	24,424,279	—
Ayala Corporation (Preferred Shares)	2,110	1,964	—
Ayala Land (Preferred Shares)	14,400	8,970	—
Balesin Island	1	5,969,847	—
BlackRock (Luxembourg) S.A.	100,000	4,477,952	—
Calata Corporation	560,000	1,064,653	—
CK Asset Holdings Limited	20,520	6,565,813	—
CK Hutchison Holdings Ltd.	20,520	6,719,439	—
Country Gardens Holdings Co. Ltd.	150,000	15,675,866	356,949
Greenko Investment Co.	400,000	20,487,309	971,159
Greenland Global Investment Ltd.	475,000	20,198,532	1,383,900
MWAM VC Brady SX LLC	250,000	12,693,500	—
NBM US Holdings Inc.	300,000	16,641,179	996,529
Nexa Resources S.A.	200,000	10,764,088	535,191
Petroleos Mexicanos - Pemex	200,000	10,492,854	467,184
Philippine Treasury	8,000,000	10,537,382	677,083
PLDT (Preferred Shares)	400	4,000	—
Republic of Portugal	200,000	11,266,243	516,324
Republic of Venezuela	100,000	355,418	—
Tagaytay Midlands	1	863,332	—
Theta Capital Pte. Ltd.	500,000	25,485,604	1,680,893
Turkcell İletişim Hizmetleri A.Ş.	250,000	12,614,165	724,253
XEN Capital Asia Pte Ltd	161,250	8,187,308	—
XEN Global Diversified Strategies Growth Fund SPC Ltd.	2,180,000	140,164,833	—
Others		10,517,589	—
		P395,096,847	P8,754,834

*Amounts are based on the fair value of the financial 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, 2021

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	Not current	Ending balances
Advances to officers and employees	P42,762	P-	P18,900	P-	P23,862	P-	P23,862

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2021

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

Name and designation of debtor	Beginning balances	Additions	Amounts collected	Amounts written off	Current	Not current	Ending balances
MCHC	P-	P25,183,065	P25,183,065	P-	P-	P-	P-

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2021

Schedule D. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related 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, 2021

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

<u>Name of related party</u>	<u>Balance at beginning of period</u>	<u>Balance at end of period</u>
	- Not applicable -	

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2021

Schedule F. Guarantee 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, 2021

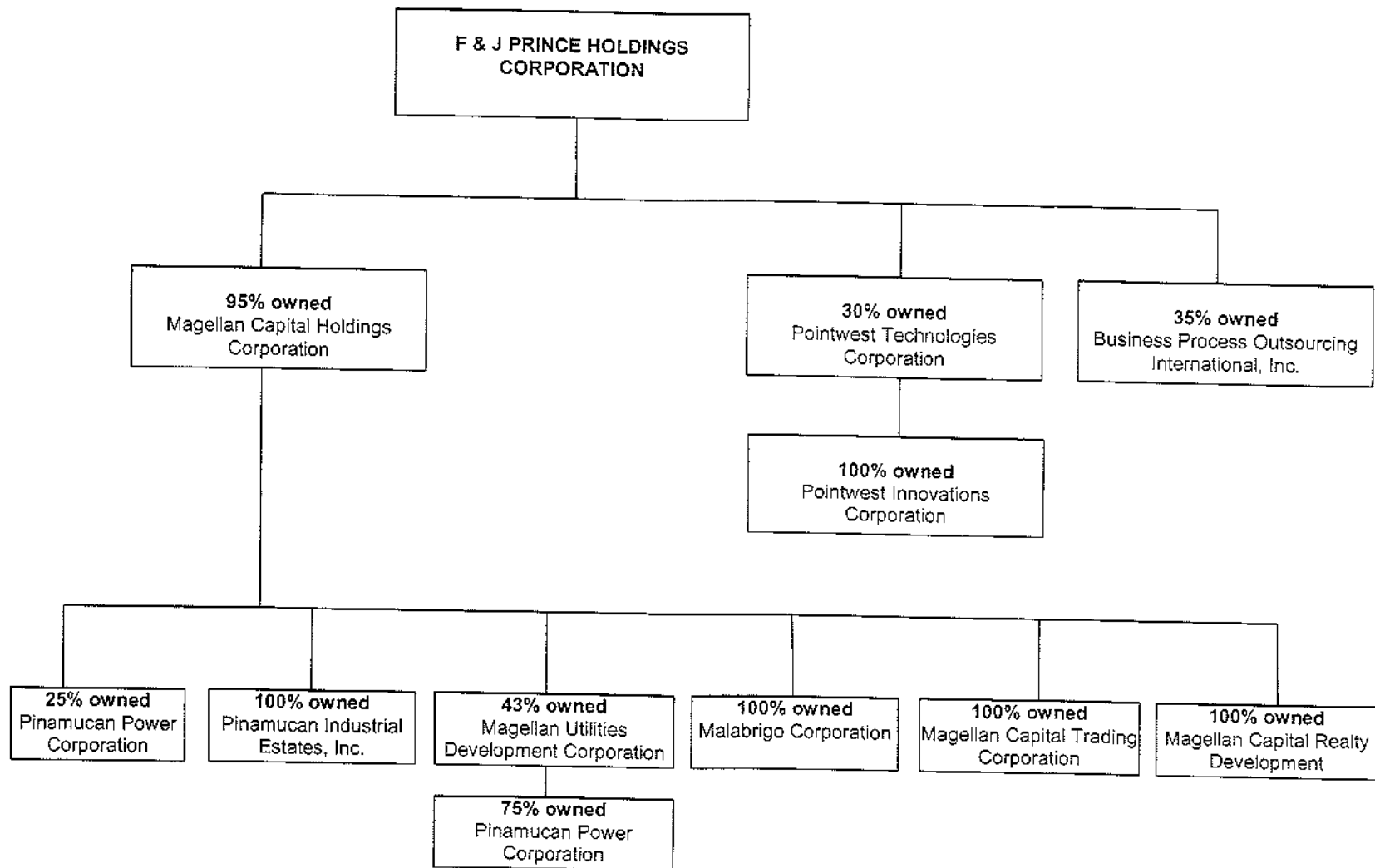
Schedule G. Capital Stock

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	292,610,118	-	60,253,148	38,145,895
Class "B"	400,000,000	189,217,535	-	37,870,979	180,392

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION PURSUANT TO REVISED
SRC RULE 68 AND SEC MEMORANDUM CIRCULAR NO. 11
DECEMBER 31, 2021

Unappropriated retained earnings, as adjusted, beginning		P177,911,886
Net income during the year closed to retained earnings	62,496,955	
<i>Less: Non-actual/unrealized income net of tax</i>		
Unrealized foreign exchange gain - net of tax	(21,400,097)	
Unrealized fair value gain on financial assets at FVTPL	(21,785,170)	
Equity in net earnings of associates	(19,412,918)	
<i>Add: Non-actual losses</i>		
Provision for deferred taxes	17,030,145	
Actual/realized net income		16,928,915
<i>Less: Dividend declaration</i>		(48,182,765)
Unappropriated retained earnings, as adjusted, ending		P146,658,036

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
DECEMBER 31, 2021



F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2021 AND 2020

Ratio	Formula	2021	2020
Current ratio	Total current assets	P797,016,334	P751,656,356
	Divided by total current liabilities	19,227,167	18,591,507
		41.45	40.43
Acid test ratio	Total quick assets	P743,874,419	P693,267,773
	Divided by total current liabilities	19,227,167	18,591,507
		38.69	37.29
Debt-to-equity ratio	Total liabilities	P44,143,115	P37,957,707
	Divided by total equity	1,888,418,657	1,835,667,541
		0.02	0.02
Asset-to-equity ratio	Total assets	P1,932,561,772	P1,873,625,248
	Divided by total equity	1,888,418,657	1,835,667,541
		1.02	1.02
Return on equity	Net income	P64,532,461	P43,427,088
	Divided by average equity	1,862,043,099	1,843,926,473
		3.47%	2.36%
Average equity is computed as follows:			
	Beginning equity	P1,835,667,541	P1,852,185,404
	Ending equity	1,888,418,657	1,835,667,541
	Total	3,724,086,198	3,687,852,945
	Divided by	2	2
	Average equity	P1,862,043,099	P1,843,926,473
Return on assets	Net income	P64,532,461	P43,427,088
	Divided by average assets	1,903,093,510	1,888,737,629
		3.39%	2.30%
Average assets is computed as follows:			
	Beginning assets	P1,873,625,248	P1,903,850,010
	Ending assets	1,932,561,772	1,873,625,248
	Total	3,806,187,020	3,777,475,258
	Divided by	2	2
	Average assets	P1,903,093,510	P1,888,737,629
Net profit margin	Net income	P64,532,461	P43,427,088
	Divided by revenues and income	143,821,696	149,350,727
		44.87%	29.08%

F & J Prince Holdings Corporation

2022

FIRST QUARTER

UNAUDITED FINANCIAL REPORT

COVER SHEET

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SEC Registration Number

							F	&	J		P	R	I	N	C	E							
			H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N	

(Company's Full Name)

5	T	H		F	L	O	O	R		C	I	T	I	B	A	N	K		C	E	N	T	E	R	
8	7	4	1		P	A	S	E	O		D	E		R	O	X	A	S		M	A	K	A	T	I

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

Atty. Fina C. Tantuico

Contact Person

88927133 • 88927137

Company Telephone Numbers

1	2		3	1
---	---	--	---	---

Month Day
Fiscal Year

0	4		1	2
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Month Day
Annual Meeting

SEC FORM 17-Q (As of March 31, 2022)

**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 Number of Stockholders

Domestic

Foreign

File Number

Document I.D.

LCU

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 2022**
2. SEC Identification Number **43370** 3. BIR Tax Identification No. **000-829-097**
4. *S & 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) 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 2022 and Audited Balance Sheet as of 31 December 2021 as Annex “A”;
- (2) Unaudited Interim Statement of Income and Retained Earnings for the three (3) month period ending 31 March 2022 and the three (3) month period ending 31 March 2021 as Annex “B”;
- (3) Unaudited Interim Statement of Changes in Stockholders’ Equity for the three (3) months period ending 31 March 2022 and 31 March 2021 and Audited Statement of Changes in Stockholders’ Equity for the year ending 31 December 2021 as Annex “C”;
- (4) Unaudited Interim Consolidated Cash Flow Statement for the three (3) month period ending 31 March 2022 and the three (3) month period ending 31 March 2021 as Annex “D”;
- (5) Interim Cash Flow for the quarterly periods ending 30 June 2021 and 30 September 2021 Audited Cash Flow Statement for the year ended 31 December 2021 as Annex “E”; and
- (6) Consolidated Balance Sheet as of 31 March 2022 and 31 December 2021 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 2021 increased to ₱119.3 million from ₱111.8 million in 2020. Equity in net earnings of associates decreased to ₱19.4 million in 2021 from ₱32.1 million in 2020. Interest income decreased to ₱18.3 million in 2021 from ₱21.2 million in 2020 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange gain of ₱31.0 million was recorded in 2021 versus a loss of ₱28.2 million in 2020 as the Peso devalued against foreign currencies which benefited the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent decreased slightly from ₱23.3 million in 2020 to ₱22.0 million in 2021. Gain on AFS, HTM and FVPL Financial Assets of ₱21.8 million was recorded in 2021 versus ₱21.9 million in 2020. Dividend income increased from ₱4.6 million in 2021 from ₱3.7 million in 2020.

Total consolidated expenses of the Registrant decreased to ₱62.1 million in 2021 compared to ₱103.3 million in 2020 due mainly to reversal of Net FX losses to Net FX gains in 2021.

As a result of the above, total consolidated income before tax in 2021 totaled ₱81.8 million compared to ₱46.1 million in 2020. After provision for income tax, total consolidated net income after tax totaled ₱64.5 million in 2021 compared to ₱43.4 million in 2020.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled ₱2.0 million in 2021 compared to ₱0.4 million in 2020.

Net income attributable to equity holders of the Registrant totaled ₱62.5 million in 2021 compared to ₱43.0 million in 2020.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2021, the Registrant's consolidated cash and cash equivalent totaled over ₱506.7 million compared to ₱523.5 million as of December 31, 2020. 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 ₱44.1 million at year-end 2021 compared to ₱38.0

million at year-end 2020. Total equity amounted to ₱1.9 billion as of the end of 2021 compared to ₱1.8 billion at the end of 2020.

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 2021 totaled ₱506.7 million compared to ₱523.5 million at the end of 2020 while total current assets totaled ₱797.0 million at year-end 2021 compared to ₱751.7 billion at year-end 2020. 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 2022

- (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 2022 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 2022 or in the first quarter of 2021 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 2022 and first quarter of 2021.

Operating Results

Breakdown of Revenue for the Three-Month Periods Ending March 31, 2022 and March 31, 2021 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	FIRST QUARTER March 31, 2022	VERTICAL PERCENTAGE ANALYSIS March 31, 2022	FIRST QUARTER March 31, 2021	VERTICAL PERCENTAGE ANALYSIS March 31, 2021	INCREASE (DECREASE) AMOUNT March 31, 2022	INCREASE (DECREASE) PERCENTAGE March 31, 2022
INTEREST INCOME						
From Banks	P 393	1.7%	P 579	1.4%	P (186)	(32.1%)
From Securities	1,852	8.0%	2,233	5.3%	(381)	(17.2%)
TOTAL	2,245	9.7%	2,812	6.7%	(567)	(20.2%)
Dividend Income	276	1.2%	155	0.4%	121	78.1%
Rent Income	5,687	24.6%	5,147	12.3%	540	10.5%
Unrealized Gain on Trading Securities	8,055	34.9%	33,683	80.6%	(25,628)	(76.1%)
Net Unrealized FX Gain	844	3.7%	-	-	-	100%
Gain on Disposal of Financial Assets at FVTPL	5,994	26.0%	-	-	-	100%
TOTAL	P 23,101	100%	P 41,797	100%	P (18,696)	(44.7%)

Revenues. Consolidated Revenues, during the 3-month period ended March 31, 2022, totaled P23.1 million compared to P41.8 million during the same 3-month period in 2021. The decrease in unrealized gain on trading securities of P25.6 million, accounted for the bulk of the decrease as most of the recovery in listed stocks from pandemic levels in 2020 occurred in 2021.

Expenses. Consolidated General and Administrative Expenses in the first quarter of 2022 totaled P9.9 million compared to P8.3 million in the first quarter of 2021.

Operating Income. As a result of the factors discussed above, consolidated operating income in first quarter 2022 totaled P13.2 million compared to P33.5 million in the same period of 2021.

Net Income. The Registrant had a net income of P13.2 million during the first quarter of 2022 compared to P33.5 million in the first quarter of 2021. The net income in the first quarter of 2022 attributable to shareholders of the Company totaled P12.6 million while P0.6 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 2021, P31.8 million net income was

attributable to shareholders of the company and P1.7 million net income 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, 2022 compared to December 31, 2021.

ASSETS

Current Assets. Consolidated current assets as of March 31, 2022 totaled P805.5 million compared to P797.0 million as of December 31, 2021. Most of the increase was due to increase in cash and cash equivalents.

Receivables from Related Parties. This account was P0.3 million at March 31, 2022, versus P0.2 million at year-end 2021.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained unchanged from year-end 2021 to March 31, 2022 at P250.3 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 P390.9 million as of March 31, 2022 from P395.1 million at year-end 2021.

Property and Equipment. This account totaled P4.5 million as of March 31, 2022 compared to P4.7 million as of December 31, 2021 due to allowance for depreciation.

Investment in Property. This account totaled P371.5 million as of March 31, 2022 from P373.7 million at year-end 2021 due to additional allowance for depreciation.

Other Non-Current Assets. This account totaled P29.1 million as of March 31, 2022, the same level as year-end 2021.

Total Assets. As a result of the foregoing, total assets increased to P1,934.3 million as of March 31, 2022 from P1,932.6 million as of December 31, 2021.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities was at P19.8 million as of March 31, 2022 compared to P19.2 million at year-end 2021.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation and deferred tax liability was stable at P24.9 million as of March 31, 2022 the same level as at year-end 2021. 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 P1,889.6 million as of March 31, 2022 from P1,888.4 million at year-end 2021. Total equity attributable to stockholders of the company totaled P1,815.5 million at March 31, 2022 from P1,814.6 million at December 31, 2021. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was P74.4 million at March 31, 2022 compared to P73.8 million at December 31, 2021.

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 2022 and 2021 are shown in Annex "B" and presented below in summary form:

(P000)	1 st Quarter-2022	Percentage (%)	1 st Quarter-2021	Percentage (%)
Interest Income	P 2,245	9.7%	P 2,812	6.7%
Lease Rental Income	5,687	24.61%	5,147	12.3%
Dividend Income	276	1.2%	155	0.4%
Unrealized Gain on trading securities	8,055	34.9%	33,683	80.6%
Net Unrealized FX Gain	844	3.7%	-	-
Gain on Disposal of Financial Assets at FVTPL	5,994	26.1%	-	-
TOTAL INCOME	P 23,101	100%	P 41,797	100%

Total revenue in the first quarter of 2022 was P23.1 million, versus P41.8 million in the first quarter of 2021. The decrease in unrealized gain on trading securities from P33.7 million to P8.0 million, accounted for the bulk of the decrease as global financial markets hard hit by the global COVID-19 pandemic in 2020 recovered in 2021 but only increased slightly in 2022.

Change in Net Income. The income statement in the first quarter of 2022 and 2021 are shown in Annex “B” and summarized below:

(P000)	1 st Quarter 2022	Percentage (%)	1 st Quarter 2021	Percentage (%)
Revenues	P 23,101	100%	P 41,797	100%
Expenses	9,915	42.9%	8,267	19.8%
Net Income	13,186	57.1%	33,530	80.2%
Attributable to:				
- Minority Interest	605	2.6%	1,700	4.1%
- Stockholders of Company	12,581	54.5%	31,830	76.1%

The Registrant realized a net income of P13.2 million in the first quarter of 2022 compared to a net income of P33.5 million in the first quarter of 2021. Net income of P12.6 million was attributable to stockholders of the company in the first quarter of 2022 compared to net income of P31.8 million in the first quarter of 2021.

Earnings per Share. The net income per share attributable to shareholders of the Company during the first quarter of 2022 was P0.033 per share compared to net income per share of P0.083 in the first quarter of 2021 due to reasons discussed above.

Current Ratio. Current ratio as of March 31, 2022 was 40.5 X compared to 41.4 X as of December 31, 2021.

Book Value Per Share. Book value per share as of March 31, 2022 was P4.73 per share compared to P4.72 as of December 31, 2021.

PART II

OTHER INFORMATION


The Board of Directors of the corporation will meet next month 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 & I Prince Holdings Corporation*

Principal Executive Officer

Signature and Title 
ROBERT Y. COKENG, President

Date 19 May 2022

Principal Financial/Accounting Officer/Controller

Signature and Title 
MARK RYAN K. COKENG, Treasurer

Date 19 May 2022

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2022 AND DECEMBER 31, 2021

ANNEX "A"

Page 1

ASSETS	UNAUDITED MARCH 31, 2022	AUDITED DEC. 31,2021
<i>Current Assets</i>		
Cash and cash equivalents	P 516,441,240	P 506,730,242
Financial assets at fair value through profit or loss	247,162,256	230,605,109
Convertible note receivable	0	0
Receivables-net :		
Advances to Officers & Employees	0	0
Interest Receivable	5,242,380	5,999,000
Dividends Receivable	0	17,144,030
Receivable from related parties	334,043	169,928
Others	1,053,353	1,523,206
Total Receivables	6,629,776	24,836,164
Allowance for impairment losses	983,138	983,138
Total Receivables-Net	5,646,638	23,853,026
Current portion of HTM investments	0	0
Current portion of AFS financial assets	381,398	355,418
Prepaid expenses & other current assets:		
Input Tax	27,191,172	27,640,066
Prepaid Income Tax	1,105,857	1,105,857
Others	7,588,604	6,726,616
Total Prepaid expenses and other current assets	35,885,633	35,472,539
Total Current Assets	P 805,517,165	P 797,016,334
<i>Non-current Assets</i>		
Convertible notes receivable	56,057,641	56,057,641
Investments in associates	250,329,635	250,329,635
Investment in rights issue subscription	26,499,000	26,499,000
Financial assets at FVOCI-net of current portion	390,876,353	395,096,847
Investment in property	371,496,031	373,683,237
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	2,899,935	2,892,436
Total	39,654,450	39,646,951
Less: Accumulated depreciation	35,203,637	34,884,007
Net Book Value	4,450,813	4,762,944
Total Property and Equipment	4,450,813	4,762,944
Other non-current assets	29,113,134	29,116,134
Total Non-Current Assets	1,128,822,607	1,135,545,438
TOTAL ASSETS	P 1,934,339,772	P 1,932,561,772

LIABILITIES & STOCKHOLDERS' EQUITY	UNAUDITED MARCH 31, 2022	AUDITED DEC. 31, 2021
Current Liabilities		
Accounts Payable and accrued expenses		
Accounts payable-trade	0	0
Accounts payable-others	164,873	749,267
Withholding taxes payable	260,434	423,177
SSS Premium Payable	21,097	23,242
HDMP Premium Payable	1,896	1,896
Philhealth Premium Payable	11,040	10,823
Deposit Payable	4,779,339	3,802,551
Output Vat Payable	1,598,856	1,455,631
Accrued expenses	1,525,193	1,277,974
Total Accounts payable and accrued expenses	P 8,362,728	P 7,744,561
Dividends Payable	6,422,407	6,422,407
Income Tax Payable	60,199	60,199
Provision for legal obligation	5,000,000	5,000,000
Total Current Liabilities	P 19,845,334	P 19,227,167
Non-Current Liabilities		
Deferred tax liabilities	6,619,516	6,619,516
Deposits payable	2,555,315	2,555,315
Retirement benefit obligation	15,741,117	15,741,117
Total Non-Current Liabilities	24,915,948	24,915,948
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	(25,529,106)	(13,502,944)
Actuarial loss on retirement benefit obligation	1,005,072	1,005,072
Accumulated share in other comprehensive income of associates	87,890,753	87,890,753
Retained earnings	1,227,341,737	1,214,760,272
Total Equity Attributable to Stockholders of the Company	1,815,201,260	1,814,645,957
Minority Interest	74,377,230	73,772,700
Total Stockholders' Equity	1,889,578,490	1,888,418,657
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P 1,934,339,772	P 1,932,561,772

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, 2022 AND MARCH 31, 2021

	UNAUDITED MARCH 31, 2022	UNAUDITED MARCH 31, 2021
REVENUES		
Interest Income		
From Banks	P 393,341	P 579,418
From Securities	1,851,659	2,232,996
Total Interest Income	2,245,000	2,812,414
Unrealized gains on trading securities	8,055,387	33,682,542
Rental Income	5,687,373	5,147,287
Gains on disposal /redemption of financial assets at FVTPL	5,993,835	0
Dividend Income	276,213	155,205
Net unrealized foreign exchange gain	843,675	0
Other income	0	0
	P 23,101,483	P 41,797,448
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	2,973,544	2,825,437
Depreciation	2,520,674	2,521,333
Professional fees	492,199	304,005
Condominium dues	1,468,427	757,010
Repairs and maintenance	0	0
Taxes and licenses	617,310	859,578
Entertainment, amusement and recreation	107,691	12,120
Unrealized loss on financial assets at FVPL	0	0
Others	1,735,642	988,074
	9,915,487	8,267,557
NET INCOME	P 13,185,996	P 33,529,891
NET INCOME ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P 12,581,466	P 31,830,292
MINORITY INTERESTS	604,530	1,699,599
EARNINGS PER SHARE	P 0.033	P 0.083

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, 2022 AND MARCH 31, 2021**

	UNAUDITED MARCH 31, 2022	UNAUDITED MARCH 31, 2021
NET INCOME	P 13,185,996	P 33,529,891
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	(12,026,162)	(738,631)
Impairment loss on AFS investments		
Others		
	(12,026,162)	(738,631)
TOTAL COMPREHENSIVE INCOME(LOSS)	P 1,159,834	P 32,791,260
TOTAL COMPREHENSIVE INCOME(LOSS)		
ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P 1,101,842	P 31,151,697
MINORITY INTERESTS	57,992	1,639,563
	P 1,159,834	P 32,791,260

See accompanying Notes to Consolidated Financial Statements

Prepared by 
ARSENIO T. LIAO
 Accountant

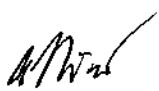
ANNEX "C"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND MARCH 31, 2021
AND THE YEAR ENDED DECEMBER 31, 2020

		UNAUDITED MARCH 31, 2022	UNAUDITED MARCH 31, 2021	AUDITED DEC. 31, 2021
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				
Treasury Shares		(102,094,826)	(102,094,826)	(102,094,826)
Unrealized gain on financial assets at FVOCI		(25,529,106)	(26,427,228)	(13,502,944)
Other Reserves				
Actuarial loss on retirement benefit obligation		1,005,072	(667,428)	1,005,072
Share in other comprehensive income of associates		87,890,753	74,492,608	87,890,753
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES				
RETAINED EARNINGS				
Balance at beginning of period		1,214,760,272	1,190,632,669	1,190,632,669
Net Income		12,581,465	31,830,293	62,496,955
Dividends declared				(38,369,352)
Balance at end of period		1,227,341,737	1,222,462,962	1,214,760,272
		1,815,201,260	1,794,353,718	1,814,645,957
Minority Interests		74,377,230	74,105,085	73,772,700
TOTAL STOCKHOLDERS' EQUITY				
	P	1,889,578,490 P	1,868,458,803 P	1,888,418,657

See accompanying Notes to Consolidated Financial Statements

Prepared by:


ARSENIO T. LIAO
 Accountant

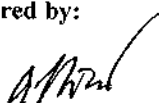
ANNEX "D"

F & J PRINCE HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2022 AND MARCH 31, 2021

	UNAUDITED MARCH 31, 2022	UNAUDITED MARCH 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	P 12,581,466	P 31,830,292
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	604,530	1,699,600
Depreciation and amortization	2,520,674	2,521,333
Net unrealized gains on financial assets at FVOCI	(12,026,162)	(738,631)
Amortization of unrealized loss/gain on FV of AFS inv.		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	18,206,388	7,635,895
Prepaid expenses and other current assets	(413,094)	307,751
Increase (decrease) in accounts payable and accrued expenses	618,167	1,667,819
<i>Net cash provided by operating activities</i>	<i>22,091,969</i>	<i>44,924,059</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	(21,338)	(3,527)
AFS/HTM investments and financial assets at FVPL		
Financial assets at FVOCI and FVPL	(12,362,633)	(55,821,493)
Decrease (increase) in:		
Investment in property	0	0
Other assets	3,000	(21,670,199)
<i>Net cash provided by (used in) investing activities</i>	<i>(12,380,971)</i>	<i>(77,495,219)</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Deposits payable	0	(171,451)
Income tax payable	0	0
<i>Net cash provided by (used in) financing activities</i>	<i>0</i>	<i>(171,451)</i>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P 9,710,998	P (32,742,611)
CASH AND CASH EQUIVALENTS, BEGINNING	506,730,242	523,539,241
CASH AND CASH EQUIVALENTS, ENDING	P 516,441,240	P 490,796,630

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, 2021 AND SEPTEMBER 30, 2021

	UNAUDITED SEPTEMBER 30, 2021	UNAUDITED JUNE 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	P 31,145,676	P 38,372,668
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings in associate	0	
Minority interest	770,474	1,988,036
Depreciation and amortization	7,562,139	5,042,641
Net unrealized gains on financial assets at FVOCI	411,910	(873,581)
Amortization of unrealized loss/gain on FV of AFS inv.		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	22,549,924	21,493,149
Prepaid expenses and other current assets	1,519,193	931,246
Increase (decrease) in:		
Accounts payable and accrued expenses	3,002,175	4,514,489
Net cash provided by operating activities	66,961,491	71,468,648
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	(3,527)	(3,527)
Investment in property		
Financial assets at FVOCI and FVPL	(71,946,419)	(88,592,390)
Investment in associates	(16,981,384)	0
Decrease(increase) in		
Other assets	(31,343,799)	/ (31,343,799)
Net cash provided by (used in) investing activities	(120,275,129)	(119,939,716)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Cash dividends declared and paid	0	0
Deposits payable	(2,726,766)	(2,726,766)
Dividends payable	0	0
Income tax payable	0	0
Net cash provided by (used in) financing activities	(2,726,766)	(2,726,766)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P (56,040,404)	P (51,197,834)
CASH AND CASH EQUIVALENTS, BEGINNING	523,539,241	523,539,241
CASH AND CASH EQUIVALENTS, ENDING	P 467,498,837	P 472,341,407

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES

ANNEX "E"
Page 2
Audited

Income (loss) before income tax from continuing operations	P	81,758,787
Adjustments for:		
Equity in net losses(earnings) of associates		(19,412,918)
Net unrealized foreign exchange losses (gains)		(31,025,408)
Fair value losses(gains) on financial assets at FVPL		(21,785,170)
Interest income		(18,256,592)
Dividend income		(4,615,366)
Depreciation		10,082,792
Losses/ Gains on disposal of:		
Financial assets at FVOCI		(91,833)
Financial assets at FVTPL		(2,133,926)
Property and equipment		929
Retirement benefit expense		1,540,460
Expected credit loss		74,142
Operating loss before working capital changes		(3,864,103)
Decrease (increase) in:		
Receivables		3,681,880
Receivable from related parties		4,698,069
Prepaid expenses and other current assets		2,106,052
Other assets		(20,000)
Increase (decrease) in trade and other payables		437,848
Increase (decrease) in deposits payable		338,050
Proceeds from disposal of financial assets at FVTPL		5,195,854
Additions to financial assets at FVTPL		(52,917,483)
Net cash flows used in operations		(40,343,833)
Interest received		12,715,572
Dividends received		66,007,500
Income taxes paid		(1,972,691)
Net cash flows from operating activities		36,406,548
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at FVTPL		47,336,717
Additions to:		
Financial assets at FVOCI		(53,961,455)
Property and equipment		(3,526)
Convertible notes receivable		(9,673,600)
Right issue subscription		(7,284,600)
Net cash flows from (used in) investing activities		(23,586,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid		(38,774,239)
Dividends to non-controlling interest		(1,502,699)
Acquisition of treasury shares		0
Net cash flows from financing activities		(40,276,938)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		10,647,855
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(16,808,999)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		523,539,241
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	506,730,242

F&J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2022 AND DECEMBER 31, 2021
WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

"ANNEX F"

Page 1

	UNAUDITED MARCH 31, 2022	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2022	AUDITED DEC. 31, 2021	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2021	INCREASE (DECREASE) AMOUNT MARCH 31, 2022	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2022
ASSETS						
Current Assets						
Cash and cash equivalents	516,441,240	26.70%	506,730,242	26.21%	9,710,998	1.92%
Financial assets at fair value through fair value thru profit or loss (FVPL)	247,162,256	12.78%	230,605,109	11.93%	16,557,147	7.18%
Short-term investments	-	-	-	-	-	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	5,242,380	0.27%	5,999,000	0.31%	(756,620)	-12.61%
Dividends Receivable	0	0.00%	17,144,030	0.89%	(17,144,030)	-100.00%
Receivable from related parties	334,043	0.02%	169,928	0.01%	164,115	96.58%
Others	1,053,353	0.05%	1,523,206	0.08%	(469,853)	-30.85%
Total Receivables	6,629,776	0.34%	24,836,164	1.29%	(18,206,388)	-73.31%
Allowance for impairment losses	983,138	-0.05%	983,138	-0.05%	0	0.00%
Total Receivables-Net	5,646,638	0.29%	23,853,026	1.24%	(18,206,388)	-76.33%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	381,398	0.02%	355,418	0.02%	25,980	7.30%
Prepaid expenses & other current assets:						
Others	7,588,604	0.39%	6,726,616	0.35%	861,988	12.81%
Input Tax	27,191,172	1.41%	27,640,066	1.43%	(448,894)	-1.62%
Prepaid Income Tax	1,105,857	0.06%	1,105,857	0.06%	0	0.00%
Total Prepaid expenses & other current assets	35,885,633	1.86%	35,472,539	1.84%	413,094	1.16%
Total Current Assets	805,517,165	41.65%	797,016,334	41.24%	8,500,831	1.07%
Non-current Assets						
Convertible notes receivable	56,057,641	2.90%	56,057,641	2.90%	0	0.00%
Investments in associates	250,329,635	12.93%	250,329,635	12.95%	0	0.00%
Investment in rights issue subscription	26,499,000	1.37%	26,499,000	1.37%	0	0.00%
Financial assets at FVOCI	390,876,353	20.21%	395,096,847	20.44%	(4,220,494)	-1.07%
Investment in properties	371,496,031	19.21%	373,683,237	19.34%	(2,187,206)	-0.59%
Property and Equipment						
Building	20,755,943	1.07%	20,755,943	1.08%	0	0.00%
Building Improvements	8,764,062	0.45%	8,764,062	0.46%	0	0.00%
Transportation equipment	7,234,510	0.37%	7,234,510	0.37%	0	0.00%
Furniture and fixtures	2,899,935	0.15%	2,892,436	0.15%	7,499	0.26%
Total Property and Equipment	39,654,450	2.04%	39,646,951	2.06%	7,499	0.02%
Less: accumulated depreciation	35,203,637	-1.82%	34,884,007	-1.81%	319,630	0.92%
Net Book Value	4,450,813	0.22%	4,762,944	0.25%	(312,131)	-6.55%
Total Property and Equipment	4,450,813	0.22%	4,762,944	0.25%	(312,131)	-6.55%
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets - net	29,113,134	1.51%	29,116,134	1.51%	(3,000)	-0.01%
Total Non-Current Assets	1,128,822,607	58.35%	1,135,545,438	58.76%	(6,722,831)	-0.59%
TOTAL ASSETS	1,934,339,772	100.00%	1,932,561,772	100.00%	1,778,000	0.09%

	UNAUDITED MARCH 31, 2022	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2022	AUDITED DEC. 31, 2021	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2021	INCREASE (DECREASE) AMOUNT MARCH 31, 2022	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2022
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	164,873	0.00%	749,267	0.04%	(584,394)	-78.00%
Withholding taxes payable	260,434	0.01%	423,177	0.02%	(162,743)	-38.46%
SSS Premium Payable	21,097	0.00%	23,242	0.00%	(2,145)	-9.23%
HDMF Premium Payable	1,896	0.00%	1,896	0.00%	0	0.00%
Philhealth Premium Payable	11,040	0.00%	10,823	0.00%	217	2.00%
Deposit Payable	4,779,339	0.25%	3,802,551	0.20%	976,788	25.69%
Output Vat Payable	1,598,856	0.08%	1,455,631	0.08%	143,225	9.84%
Accrued expenses	1,525,193	0.08%	1,277,974	0.07%	247,219	19.34%
Total Accounts payable & accrued expenses	8,362,728	0.42%	7,744,561	0.41%	618,167	7.98%
Dividends Payable	6,422,407	0.33%	6,422,407	0.33%	0	0.00%
Income Tax Payable	60,199	0.00%	60,199	0.00%	0	0.00%
Provision for legal obligation	5,000,000	0.26%	5,000,000	0.26%	0	0.00%
Total Current Liabilities	19,845,334	1.01%	19,227,167	1.00%	618,167	3.22%
Non-Current Liabilities						
Deposits payable	2,555,315	0.13%	2,555,315	0.13%	0	0.00%
Deferred tax liabilities	6,619,516	0.34%	6,619,516	0.34%	0	0.00%
Retirement benefit obligation	15,741,117	0.82%	15,741,117	0.81%	0	0.00%
Total Non-Current Liabilities	24,915,948	1.29%	24,915,948	1.28%	0	0.00%
Stockholders' Equity						
Capital stock	481,827,653	24.92%	481,827,653	24.93%	0	0.00%
Additional paid in capital	144,759,977	7.48%	144,759,977	7.49%	0	0.00%
Unrealized gain on fin. assets at FVOCI	(25,529,106)	-1.32%	(13,502,944)	-0.70%	(12,026,162)	-89.06%
Actuarial loss on retirement obligation	1,005,072	0.05%	1,005,072	0.05%	0	0.00%
Accumulated share in OCI of associates	87,890,753	4.54%	87,890,753	4.55%	0	0.00%
Treasury shares	(102,094,826)	-5.28%	(102,094,826)	-5.28%	0	0.00%
Retained earnings	1,227,341,737	63.46%	1,214,760,272	62.86%	12,581,465	1.04%
Total Equity Attributable to Stockholders of the Company	1,815,201,260	93.85%	1,814,645,957	93.90%	555,303	0.03%
Minority Interest	74,377,230	3.85%	73,772,700	3.82%	604,530	0.82%
Total Stockholders' Equity	1,889,578,490	97.70%	1,888,418,657	97.72%	1,159,833	0.06%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,934,339,772	100.00%	1,932,561,772	100.00%	1,778,000	0.09%

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 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, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as a "Group") as December 31, 2021 and for the year ended December 31, 2021 were approved and authorized for issuance by the Board of Directors (BOD) on May 13, 2022.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest Peso except as otherwise indicated.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance 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.

2.3 Basis of Measurement

The Group also prepares and issues separate financial statements for the same period presented in accordance with PFRSs which can be accessed by public either through its website or from the SEC.

2.4 Basis of Consolidation

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 Basis
Financial assets at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation

3. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

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

3.1 Adoption of Amendments to Standards

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

- Amendments to PFRS 16, *Leases - COVID-19-Related Concessions beyond June 30, 2021*. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

This amendment is effective for annual periods beginning on or after April 1, 2021.

These amendments had no impact on the consolidated financial statements of the Group.

3.2 Amendments to Standards Issued but not yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2021, and have not been applied in preparing the consolidated financial statements are summarized below.

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

- Amendments to PFRS 3, *Business Combinations - Reference to the Conceptual Framework*. The amendments add an exception to the recognition principle of PFRS 3 to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies*, if incurred separately. It also clarifies that contingent assets do not qualify recognition at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022.
- Amendments to PAS 16, *Property, Plant and Equipment- Proceeds before Intended Use*. The amendments prohibit the entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Instead, the entity recognizes such sales proceeds and any related costs in the profit or loss.
- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Costs of Fulfilling a Contract*. The amendments specify the costs a Group includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a "directly related approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

- Annual Improvements to PFRS Standards 2018 - 2020 Cycle
 - Amendments to PFRS 1, *First-time Adoption of PFRS - Subsidiary as a First-time Adopter*.
The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.
 - Amendments to PFRS 9, Financial Instruments - Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities.
The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
 - Amendments to PFRS 16, Leases - *Lease Incentives*.
The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
 - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements*.
The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

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

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.
- PFRS 17, *Insurance Contracts*. This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfilment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to the standard, including a deferral of its effective date to January 2023.
- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*. The amendments to PAS 1 specify the requirements for classifying current and noncurrent liabilities. The amendments will clarify that a right to defer must exist at the end of reporting period and the classification is unaffected by the likelihood that an entity will exercise its deferral right. The issuance of amendments was deferred until January 1, 2023, as a result of COVID-19 pandemic.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The

amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

- Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure Initiative -Accounting Policies*. The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Group.

3.3 Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements 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.

3.4 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 are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; 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.

3.5 Financial Instruments

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

3.5.1 Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts 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 fair value through profit or loss, transaction costs. Accounts 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 amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will

result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. 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 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.

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

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables, due from related parties, and convertible notes receivable.

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 fair value through OCI (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 fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 statement of profit or loss 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 the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss 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 flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, 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 eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the separate statement of financial position at fair value. Gains and losses arising from fair value changes are recognized in the separate statement of income.

Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. 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 effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The 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 ECLs will be recognized throughout the life of financial assets. A loss allowance at an amount equal to lifetime ECLs 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. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

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

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

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

3.5.2 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, "Due to related parties", "Dividends payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards).

Derecognition

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

3.5.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements 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 counter parties.

3.6 Prepayments and Other Current Assets

3.6.1 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.

3.6.2 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 separate 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 separate statement of financial position to the extent of the recoverable amount.

3.7 Investments in Associates

An associate is an entity in 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 cost method of accounting.

Under the cost method, the investment in associates are carried in the separate statement of financial position at cost plus post-acquisition changes arising only from additional investments less subsequent withdrawal of shares. The Group recognizes income from the investment only to the extent that the Group receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment. After application of the cost method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

3.8 Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income of such period.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Property and Equipment	Number of Years
Transportation equipment	10
Furniture, fixtures, and equipment	5
Condominium improvements	10 or useful life whichever is shorter

Expected useful lives are reviewed at each statement of financial position date and if they differ significantly from previous estimates, the remaining depreciation periods are adjusted accordingly.

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 statement of comprehensive income in the year the asset is derecognized.

3.9 Accrued Expenses and other payables

3.9.1 Accrued Expenses

Accrued expenses are recognized in the period in which the related money, goods or services are received or incurred and have been invoiced or formally agreed with the supplier. These are non-interest bearing and are stated at their amortized cost if payable beyond 12 months otherwise are stated at undiscounted amount.

3.9.2 Other Payables

Other payables include government-imposed obligations such as withholding taxes, statutory payroll obligations and income tax payable to the Local Government Unit (LGU) and are stated at cost.

3.10 Impairment of Nonfinancial Assets

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

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

3.11 Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Adjustment is reflected in the right-of-use asset, of profit or loss if the right-of-use asset is already reduced to zero.

3.12 Capital Stock

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.

3.13 Retained Earnings

The amount included in retained earnings includes income attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the BOD. 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 relevant transitional provisions.

3.14 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.

3.14.1 Dividend income

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

3.14.2 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. Interest income is recognized in the consolidated statements of income.

3.14.4 Rent income

Rent income arising from operating lease on investment properties is accounted for on a straight-line basis over the non-cancellable lease term and is included in revenue in the consolidated statements of income.

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.

3.14.5 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.

3.15 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 are incurred.

3.16 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.

Remeasurement 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 statements of comprehensive income in the period in which they occur. Remeasurement are not reclassified to the consolidated statements of income in subsequent periods.

Past service costs are recognized in the consolidated statements 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 statements 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

3.17 Leases

3.17.1 Group 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 separate statement of income.

3.18 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 profit or loss. 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.

3.19 Income Taxes

3.19.1 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.

3.19.2 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 of 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 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 statements of income.

3.20 Provisions, Contingent Assets and Contingent Liabilities

3.20.1 Provisions

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

3.20.2 Contingencies

Contingent assets and 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 separate financial statements but are disclosed when an inflow of economic benefits is probable.

3.21 Earnings per Share (EPS)

Basic EPS is computed by dividing earnings applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Outstanding share options plan (SOP) shares will have a dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option. Where the effect of the exercise of all outstanding options has anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Potential ordinary shares are weighted for the period they are outstanding. Potential ordinary shares that are converted into ordinary shares during the period are included in the calculation of diluted EPS from the beginning of the period to the date of conversion; from the date of conversion, the resulting ordinary shares are included in both basic and diluted EPS.

3.22 Related Party Transactions

Transactions with related parties accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts.

3.23 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).

3.24 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 separate financial statements and related notes. The judgments, estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. Actual results could differ from such estimates.

Judgments and estimates 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:

4.1 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 separate financial statements:

Determination of Significant Influence over an Investee Company

The Group considers its investments in Pointwest Technologies Corporation (PTC) and Business Process Outsourcing International, Inc. (BPO) as investments in associates. The Group concluded that given its 30% and 35% ownership interest in PTC and BPO, 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.

4.1.1 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 separate 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.

4.1.2 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 ₱56.1 million and ₱42.1 million as at December 31, 2021 and 2020, respectively, met the SPPI criterion.

4.1.3 Evaluation of Business Model in Managing Financial

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.

4.2 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 separate financial statements. Actual results could differ from such estimates.

4.2.1 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 judgment. While significant components of fair value measurement were determined using verifiable objective evidence, (i.e., quoted prices, interest rates, foreign exchange rates), the amount of changes in fair value would differ if the Group utilized 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 presented in Note 26.

4.2.2 Estimating Provision for Expected Credit Losses

The Group uses the general approach to calculate expected credit losses for receivables. The provision rates are based on days past due for each customer. 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 expected credit losses is disclosed in Note 9.

In 2021, the Group recognized additional provision for expected credit losses on its receivables amounting to ₱0.07 million.

The aggregate allowance for expected credit losses on receivables amounted to ₱189.6 million and ₱189.5 million as at December 31, 2021 and 2020. The receivables, net of allowance for expected credit losses, amounted to ₱23.9 million and ₱30.8 million as at December 31, 2021 and 2020, respectively (see Notes 7 and 21).

4.2.3 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.

Expected credit losses amounted to ₱0.7 million in December 31, 2019. The carrying value of debt securities classified as financial assets at FVOCI amounted to ₱165.8 million and ₱202.1 million as at December 31, 2021 and 2020, respectively (see Note 9).

4.2.4 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 ₱250 million and ₱278.9 million as at December 31, 2021 and 2020 (see Note 11).

4.2.5 Estimating Impairment of Nonfinancial Assets

The Group determines whether prepayments and other current assets, property and equipment, 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, 2021 and 2020 presented below:

	Notes	2021	2020
Prepayments and other current assets	8	P35,472,539	P35,741,882
Property and equipment – net	13	4,762,944	6,038,953
Investment properties – net	14	373,683,237	382,487,423
Other noncurrent assets	15	2,857,386	2,837,386
		P416,776,106	P427,105,644

4.2.6 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 tax asset on its temporary differences amounting to P288.4 million as of December 31, 2021 and 2020 as management believes that sufficient future taxable income will not be available to allow all or part of the deferred tax assets to be utilized (see Note 19).

5. Cash and Cash Equivalents

This account consists of:

	March, 2022	2021
Cash on hand and with banks	P125,316,473	P112,731,133
Short-term placements	391,124,767	393,999,109
	P516,441,240	P506,730,242

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 0.625% to 3.25% in 2021 and 0.6% to 3.8% in 2020.

Interest income earned from these bank deposits and short-term placements amounted to P2.8 million, P7.9 million and P18.9 million in 2021, 2020 and 2019, respectively.

6. Financial Assets at Fair Value Through Profit or Loss (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 ₱72.5 million and ₱50.7 million in 2021 and 2020, respectively.

As of March 31, 2022, the financial assets at FVTPL is valued at P 247,162,256.

7. Receivables – net

This account consists of:

	Note	March, 2022	2021
Accrued interest		₱5,242,380	₱5,999,000
Rent receivable	12	520,840	1,474,265
Others		532,513	48,941
		6,295,733	7,522,206
Less: allowance for expected credit losses		983,138	983,138
		₱5,312,595	₱6,539,068

Accrued interest from third parties pertain 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. Prepayments and Other Current Assets

This account consists of:

	March, 2022	2021
Current input tax	₱27,191,172	₱27,640,066
Deposits on contracts	3,688,771	3,128,771
Creditable withholding tax	2,464,492	2,181,031
Prepaid expenses	1,287,112	1,264,111
Prepaid income tax	1,105,857	1,105,857
Deferred Input Tax	148,229	152,703
	₱35,885,633	₱35,472,539

Input VAT represents tax paid on purchases of applicable goods and services and can be recovered as tax credit against future tax liability of the Company upon approval by the Bureau of Internal Revenue (BIR) and/or the Bureau of Customs (BOC).

9. Financial Assets at Fair Value through Comprehensive Income (FVOCI)

This account consists of:

	March, 2022	2021
Quoted		
Debt securities, net of allowance for impairment loss of ₱2.1 million	₱155,299,630	₱165,813,015
Equity securities	11,423,155	21,734,249
Unquoted equity securities	224,534,966	207,905,001
	₱391,257,751	₱395,452,265

Movements in financial assets at FVOCI financial assets are as follows:

	March, 2022	2021
Beginning balances	₱395,452,265	₱350,642,209
Additions	7,831,650	53,961,455
Disposals	0	(45,202,791)
Changes recognized in profit or loss	0	20,135,069
Movements in net unrealized valuation gains (losses)	(12,026,164)	15,916,323
	₱391,257,751	₱395,452,265

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 statements of comprehensive income. The debt securities bear fixed interest rates ranging from 4.75% to 6.625% in 2021, 4.337% to 7.25% in 2020 and 4.375% to 7.25%. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

The Group has investment in government issued debt security that is a peso-denominated, fixed-income Philippine Treasury Note with an effective interest rate of 8.125%

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 of December 31, 2021 and 2020. 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:

	2021	2020
Beginning balances	(₱20,578,970)	(₱13,073,284)
Movements in fair value before tax	15,752,983	(8,934,827)
Tax effect	(2,982,138)	1,429,141
	(₱7,808,125)	(₱20,578,970)

Allowance for expected credit losses on financial assets at FVOCI amounted to ₱2.1 million as of December 31, 2021 and 2020.

Net unrealized valuation losses on financial assets at FVOCI attributable to equity holders of the Group amounted to ₱12.2 million and ₱7.1 million in 2021 and 2020, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to ₱11.0 million, ₱13.4 million and ₱17.4 million in 2021, 2020 and 2019, respectively, presented as "Interest income" in the consolidated statements of income.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to ₱0.1 million, ₱0.9 million and ₱1.1 million in 2021, 2020 and 2019, respectively.

The Group disposed certain financial assets at FVOCI and recognized a gain (loss) from disposal amounting to ₱2.1 million, (₱2.1 million) and ₱3.9 million in 2021, 2020 and 2019, 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 US\$1,050,000 and US\$850,000 was paid for the years ended December 31, 2021 and 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 US\$1,500,000;
- 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 carrying amount of the Notes amounted to ₱56.1 million and ₱42.1 million as at December 31, 2021 and 2020, respectively.

Interest income earned amounted to ₱4.4 million in December 31, 2021.

11. Investment in Associates

This account consists of:

	March, 2022	2021
Acquisition cost	₱193,760,135	₱193,760,135
Accumulated equity in net earnings:		
As at beginning of year	179,980,700	179,980,700
Share in net income of associates	19,412,918	19,412,918
Share in other comprehensive income from associates	1,759,284	1,759,284
Share in dividends declared by associates	(61,392,134)	(61,392,134)
Cumulative translation adjustment	11,638,861	11,638,861
	151,399,629	151,399,629
	345,159,764	345,159,764
Less: allowance for impairment losses	(94,830,129)	(94,830,129)
	₱250,329,635	₱250,329,635

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

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investments	
			2021	2020
MUDC	Philippines	43%	₱94,830,129	₱94,830,129
Less: allowance for impairment losses			(94,830,129)	(94,830,129)
			—	—
PTC	Philippines	30%	161,165,221	203,003,334
BPO	Philippines	35%	89,164,414	75,907,372
			₱250,329,635	₱278,910,706

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 September 1, 2021, PTC declared cash dividends amounting to \$2.0 million or \$0.00147 per share of the outstanding stocks. Dividends shall be payable on or before October 31, 2021.

On December 16, 2021, PTC declared another cash dividends amounting to \$2.0 million or \$0.00147 per share of the outstanding stocks. Dividends shall be payable on or before February 28, 2022.

On September 17, 2020, PTC declared cash dividends amounting to \$0.8 million or \$0.0055 per share of the outstanding stocks. Dividends shall be payable on or before April 30, 2021 (see Note 19).

The Group's share in the dividends declared amounted to ₱30.8 million and ₱30.4 million in 2021 and ₱10.9 million in 2020.

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 ₱10.0 million or ₱12.82 per share of the outstanding stocks as of record date December 25, 2020. Dividends will be paid in the subsequent year.

The Group's share in the dividends declared amounted to nil and ₱3.5 million in 2021 and 2020, respectively.

Dividend receivable of the Group amounted to ₱1.7 million and ₱10.5 million as of December 31, 2021 and 2020, respectively.

MUDC

The Group has a 43% interest in MUDC. As of December 31, 2021, 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 of December 31, 2021 and 2020, MUDC has project development costs of ₱207.1 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.

The Group has investment in MUDC amounting to ₱94.8 million as of December 31, 2021 and 2020 and advances to MUDC amounting to ₱188.5 million and ₱188.4 million as of December 31, 2021 and 2020, respectively. The Group has assessed that its investment in MUDC amounting to ₱94.8 million as of December 31, 2021 and 2020 and its advances to MUDC amounting to ₱188.4 million as of December 31, 2021 and 2020 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 of December 31, 2021 and 2020.

12. Investment in Rights Issue Subscription

The Group entered into an agreement with Xen to invest in rights issue subscription amounting to ₱26.5 million and ₱19.2 million in 2021 and 2020, respectively. 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, 2021 and 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.

13. Property and Equipment – net

Movements in and compositions of the Group's property and equipment are as follows:

As of March 31, 2022					
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	20,755,943	8,764,062	7,234,510	2,892,436	39,646,951
Additions	–	–	–	7,499	7,499
Disposals	–	–	–	–	–
Ending balances	20,755,943	8,764,062	7,234,510	2,899,935	39,654,450
Accumulated depreciation					
Beginning balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Depreciation	207,559	17,637	83,191	11,243	319,630
Disposals	–	–	–	–	–
Ending balances	17,850,421	8,616,560	5,985,529	2,751,127	35,203,637
Net Book Values	P2,905,522	P147,502	P1,248,981	P148,808	P4,450,813

As of December 31, 2021					
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	P20,755,943	P8,764,062	P7,234,510	P3,064,597	P39,819,112
Additions	–	–	–	3,526	3,526
Disposals	–	–	–	(175,687)	(175,687)
Ending balances	20,755,943	8,764,062	7,234,510	2,892,436	39,646,951
Accumulated depreciation					
Beginning balances	16,812,625	8,528,376	5,569,572	2,869,586	33,780,159
Depreciation	830,237	70,547	332,766	45,056	1,278,606
Disposals	–	–	–	(174,758)	(174,758)
Ending balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Net Book Values	P3,113,081	P165,139	P1,332,172	P152,552	P4,762,944

The Group recognized gains on disposal of property and equipment amounting to P0.001 million and P0.4 million in 2021 and 2020, respectively.

Management believes that there is no indication of impairment loss that has occurred on its property and equipment.

14. Investment Properties – net

The roll forward of the Group's investment properties is as follows:

As of March 31, 2022			
	Land	Condominium and Improvements	Total
Cost			
Beginning balances	P46,319,625	P395,755,000	P442,074,625
Additions	–	13,839	13,839
Ending balances	P46,319,625	P395,768,839	P442,088,464
Accumulated depreciation			
Beginning balances	–	68,391,388	68,391,388
Depreciation	–	2,201,045	2,201,045
Ending balances	–	70,592,433	70,592,433
Net Book Values	P46,319,625	P325,176,406	P371,496,031

	As of December 31, 2021		
	Land	Condominium and Improvements	Total
Cost			
Beginning and ending balances	₱46,319,625	₱395,755,000	₱442,074,625
Accumulated depreciation			
Beginning balances	—	59,587,202	59,587,202
Depreciation	—	8,804,186	8,804,186
Ending balances	—	68,391,388	68,391,388
Net Book Values	₱46,319,625	₱327,363,612	₱373,683,237

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to ₱22.0 million, ₱23.3 million and ₱25.1 million 2021, 2020 and 2019, respectively (see Note 24). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to ₱12.2 million, ₱11.3 million and ₱10.8 million in 2021, 2020 and 2019, respectively.

The assessed fair value of the investment properties excluding office spaces in Units 5-3 and 5-4 amounted to ₱1,688.5 million and ₱1,763.1 million as of December 31, 2021 and 2020, respectively. The fair values of the investment properties are based on valuations performed by an accredited independent valuer in March and April 2021. 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 ₱92,700 - ₱855,000 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.

15. Other Noncurrent Assets

This account consists of:

	March, 2022	2021
Cash restricted for legal proceedings	₱26,258,748	₱26,258,748
Refundable deposits	573,080	576,080
Others	2,281,306	2,281,306
	₱29,113,134	₱29,116,134

As at December 31, 2021 and 2020, cash amounting to ₱26.3 million has been restricted in relation to the Company's on-going legal proceeding.

16. Trade and Other Payables

This account consists of:

	March, 2022	2021
Deposits payable	₱4,659,339	₱3,802,551
Accounts payable	548,047	749,267
Accrued professional fees	1,247,650	1,262,650
Government payables	1,907,692	1,930,093
	₱8,362,728	₱7,744,561

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.

17. 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 statements of income, the remeasurement effects recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

	2021	2020
Balances at beginning of the year	₱16,606,435	₱18,344,610
Retirement expense recognized in the separate statement of income		
Current service cost	619,817	897,887
Interest cost	920,643	811,397
	1,540,460	1,709,284
Remeasurements recognized in OCI		
Actuarial losses (gains) due to:		
Experience adjustments	(2,237,387)	(3,734,360)
Changes in financial assumptions	(168,391)	286,901
	(2,405,778)	(3,447,459)
Balances at end of the year	₱15,741,117	₱16,606,435

Actuarial gains (losses) on retirement benefit obligation attributable to the equity holders of the Group amounted to ₱1.7 million and ₱2.3 million as of December 31, 2021 and 2020, respectively.

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2021	2020
Discount rate	4.30%	4.00%
Salary increase rate	5%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2021 and 2020, assuming if all other assumptions were held constant:

	Effect on Defined Benefit Obligation	
	2021	2020
Discount rate		
+100 basis points	(P211,726)	
+ 50 basis points		(P125,928)
- 100 basis points	248,469	
- 50 basis points		137,199
Salary increase rates		
+100 basis points	P181,607	
+ 50 basis points		P100,939
- 100 basis points	(149,586)	
- 50 basis points		(91,271)

The average duration of the retirement benefit obligation as at December 31, 2021 and 2020 is 6 years and 5 years, respectively.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2021	2020
More than 1 year to 5 years	P15,735,118	P16,766,632
More than 5 years to 10 years	693,854	777,059
More than 15 years to 20 years	5,522,599	5,925,493
	P21,951,571	P23,469,184

18. 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.

19. Income Taxes

On March 26, 2021, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act), was enacted into law. Among other provisions, the CREATE Act impacted the Group on the following:

1. Effective July 1, 2020, the Group's effective corporate income tax was lowered to 25% from 30%. The Group can avail of the lower rate of 20% if its net taxable income is not more than P5 million and total assets not exceeding P100 million.
2. Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax (MCIT) was lowered from 2% to 1%.

3. The imposition of 10% tax on improperly accumulated earnings was repealed.

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:

	2021	2020	2019
Statutory income tax	P20,439,697	P13,847,911	P13,123,005
Adjustments to income tax arising from:			
Non-deductible expenses	345,574	3,773,162	4,001,918
Non-taxable income	(2,250,579)	—	—
Dividend income exempt from tax	(23,001,634)	(3,210,047)	(320,582)
Equity in net losses (earnings) of associates	(4,853,230)	(9,621,314)	(1,603,222)
Tax rate difference on dividend income subjected to final tax	(127,007)	—	—
Tax rate difference on interest income subjected to final tax	(133,424)	(2,128,431)	(5,107,159)
Movements in unrecognized deferred tax assets	25,712,944	—	—
Effect of lower income tax rate	1,093,985	—	—
	P17,226,326	P2,661,281	P10,093,960

The Group's net deferred income taxes as of December 31, 2021 and 2020 are as follows:

2021	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains (losses) on financial assets at FVOCI	P5,958,628	(P725,852)	(P3,659,557)	P1,573,219
Unrealized foreign exchange gains	965,308	(6,032,537)	—	(5,067,229)
Retirement benefit obligation	5,050,959	(468,276)	30,017	4,612,700
Advance rental	53,438	(57,523)	—	(4,085)
NOLCO	2,975,727	(821,840)	—	2,153,887
MCIT	187,058	(54,034)	—	133,024
Unrealized valuation loss on financial assets at FVTPL	(8,764,879)	(7,597,204)	—	(16,362,083)
Allowance for expected credit losses on receivables, financial assets at FVOCI	7,613,930	(1,272,879)	—	6,341,051
	P14,040,169	(P17,030,145)	(P3,629,540)	(P6,619,516)
2020	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains (losses) on financial assets at FVOCI	P4,529,487	P—	P1,429,141	P5,958,628
Unrealized foreign exchange gains	(2,898,673)	3,863,981	—	965,308
Retirement benefit obligation	5,572,412	512,785	(1,034,238)	5,050,959
Advance rental	152,533	(99,095)	—	53,438
NOLCO	14,063	2,961,664	—	2,975,727
MCIT	—	—	—	187,058
Unrealized valuation loss on financial assets at FVTPL	(4,463,955)	(4,300,924)	—	(8,764,879)
Allowance for expected credit losses on receivables, financial assets at FVOCI	7,613,930	—	—	7,613,930
	P10,519,797	P3,125,469	P394,903	P14,040,169

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:

	2021	2020
Allowance for impairment losses on due from related parties	P188,612,316	P188,559,944
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
	P288,442,445	P288,390,073

20. Equity

20.01 Common Stock

In accordance with 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 (number of shares and amounts) are as follows:

	2021	2020
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:

- 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 ₱1 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
First 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 ₱1 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 ₱1 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 ₱481,827,653 with additional paid-in capital of ₱144,759,977. There have been no movements since 2008.

The Parent Company has 480 stockholders as at December 31, 2021 and 2020.

20.02 Treasury Shares

The Group's treasury shares pertains to shares of the Group 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 statements of financial position.

In 2019, PIEI purchased 45,000 Class A shares of the Group with a total cost of ₱0.2 million. In 2020, PIEI purchased additional 36,000 Class A shares with a total cost of ₱0.1 million.

As of December 31, 2021 and 2020, the Group's treasury shares are as follows:

	2021		2020	
	Shares	Amount	Shares	Amount
Balances at beginning of year	98,123,387	₱102,094,826	98,087,387	₱101,969,326
Additions	—	—	36,000	125,500
	98,123,387	₱102,094,826	98,123,387	₱102,094,826

20.03 Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱102.1 million as at December 31, 2021 and 2020, respectively. The balance of retained earnings includes the accumulated equity in net earnings of the subsidiaries and associates amounting to ₱1.2 billion and ₱1.2 billion as at December 31, 2021 and 2020, respectively. Such amounts are not available for distribution until such time that the Group 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 ₱ 72.48 million and ₱50.69 million as at December 31, 2021 and 2020, respectively.

Following are the dividends declared and paid by the Parent Company in 2021, 2020, 2019:

	Declaration date	Record date	Payment date	Description	Per Share	Total
2021	September 17, 2021	October 1, 2021	October 27, 2021	Regular	₱0.10	₱48,182,765
2020	August 18, 2020	September 3, 2020	September 29, 2020	Regular	0.10	₱48,182,765
2019	July 16, 2019	September 23, 2019	October 14, 2019	Regular	0.10	₱48,182,765
	July 16, 2019	October 23, 2019	November 14, 2019	Regular	0.10	₱48,182,765

21. 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" account, are as follows:

	Year	Amount of Transaction	Outstanding Balance	Terms	Conditions
Associates					
BPO					
Rental income	Mar. 2022	P5,687,373	P296,461	On demand; non-interest bearing	Unsecured; unimpaired
	2021	P1,412,410	—	On demand; non-interest bearing	Unsecured; unimpaired
Payroll service expenses	Mar. 2022	18,596	—	On demand; non-interest bearing	Unsecured; unimpaired
	2021	63,682	—	On demand; non-interest bearing	Unsecured; unimpaired
Dividends	Mar. 2022	—	—	On demand; non-interest bearing	Unsecured; unimpaired
	2021	—	1,749,987	On demand; non-interest bearing	Unsecured; unimpaired
PTC					
Dividends	Mar. 2022	—	—	On demand; non-interest bearing	Unsecured; unimpaired
	2021	61,232,597	15,394,042	On demand; non-interest bearing	Unsecured; unimpaired
Other Related Parties					
Advances	Mar. 2022	16,500	37,582	On demand; non-interest bearing	Unsecured; unimpaired
	2021	63,682	169,929	On demand; non-interest bearing	Unsecured; unimpaired
	Mar. 2022		P334,043		
	2021		P17,313,958		

- 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 the same terms and conditions (see Notes 14 and 24).

The future minimum rental income from BPO as at December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	P1,477,146	P1,412,410
After one year but not more than 5 years	123,586	1,477,146
	P1,600,732	P2,889,556

- 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.

Movement of due from related parties, net of expected credit losses, are as follows:

	2021	2020
Due from related parties	P188,782,244	P189,135,876
Rent receivables	17,144,030	21,488,467
Allowance for impairment losses	(188,612,316)	(188,559,944)
	P17,313,958	P22,064,399

Allowance for impairment loss is mainly attributable to advances to MUDC, among others (see Note 11).

Compensation of the key management personnel is as follows:

	2021	2020
Salaries and wages	P8,493,141	P8,493,141
Other benefits	1,415,524	1,415,524
	P9,908,665	P9,908,665

Below are the balances and transactions among related parties which are eliminated in the consolidated financial statements as at December 31, 2021 and 2020.

Amounts Owed by	Amounts Owed to	2021	2020
MCHC	Parent Company	P25,183,005	P-

Dividends Declared by	Dividend Income of	2021	2020
Parent Company	PIEI	P5,029,011	P5,028,011
Parent Company	MCHC	4,784,402	4,784,402
MCHC	Parent Company	25,183,065	-

The transactions pertain to dividend declarations of the Group and MCHC in 2021 and 2020.

22. Earnings Per Share (EPS)

The following table presents information necessary to compute the basic/diluted EPS:

	2021	2020	2019
Net income attributable to equity holders of the parent (a)	P62,496,955	P43,024,955	P32,205,281
Weighted average number of ordinary shares outstanding for basic and diluted EPS (b)	379,732,827	383,721,537	383,959,910
Basic and diluted earnings per share (a/b)	P0.16	P0.11	P0.08

The Group has no potential dilutive instruments issued as of December 31, 2021, 2020 and 2019.

23. 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.

24. Commitments and Contingencies

The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to P4.62 million, P3.65 million and P4.86 million in 2021, 2020 and 2019, respectively (see Note 14). 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 P 6.4 million and 6.0 million as of December 31, 2021 and 2020, respectively, will be returned to the lessees after the lease term.

Future minimum rental income as at December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	P16,027,296	P15,590,691
After one year but not more than two years	563,586	11,782,301
	P16,590,882	P27,372,992

As at December 31, 2021 and 2020, 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 financial position and results of operations.

25. Capital Risk Management Objective and Policies

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 March 31, 2022 and December 31, 2021 are as follows:

	March, 2022	2021
Common stock	P481,827,653	P481,827,653
Additional paid in capital	144,759,977	144,759,977
Treasury shares	(102,094,826)	(102,094,826)
Retained earnings	1,227,341,737	1,214,760,272
	P1,751,834,541	P1,739,253,076

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2022

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.	59,156	5,500			5,000	500	59,156	64,656
Magellan Capital Corporation	63,857						63,857	63,857
Magellan Capital Trading Corporation	59,906	5,500			5,000	500	59,906	65,406
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	1,768,326	413,836	2,031,999		131,825		18,338	150,163
Pinamucan Power Corporation	46,073	5,500			5,000	500	46,073	51,573
Pointwest Technologies Corporation	15,394,042		15,394,042					0
Others	0							0
	17,391,360	430,336	17,426,041		146,825	1,500	247,330	395,655

F & J Prince Holdings Corporation

2022

SECOND QUARTER

UNAUDITED FINANCIAL REPORT

COVER SHEET

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SEC Registration Number

							F	&	J		P	R	I	N	C	E							
			H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N	

(Company's Full Name)

5	T	H		F	L	R		B	D	O		T	O	W	E	R	S		P	A	S	E	O		
8	7	4	1		P	A	S	E	O		D	E		R	O	X	A	S		M	A	K	A	T	I

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

Atty. Fina Bernadette D.C. Tantuico

Contact Person

8892-7133 • 8892-7137

Company Telephone Numbers

1	2
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Month
Fiscal Year

3	1
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Day

0	4
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Month

1	2
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Day

Annual Meeting

SEC FORM 17-Q (As of JUNE 30, 2022)

**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.

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Amended Articles Number/Section

Total Amount of Borrowings

--

Total Number of Stockholders

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Domestic

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Foreign

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File Number

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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 2022**
2. SEC Identification Number **43370** 3. BIR Tax Identification No. **000-829-097**
4. *F & I 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 2022 and Audited Consolidated Balance Sheet as of 31 December 2021 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 2022 and the six (6) month period ending 30 June 2021 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, 2022 and for the three (3) month period from April 01 – June 30, 2021 as Annex “C”;
- (4) Unaudited Consolidated Interim Statement of Changes in Stockholders’ Equity for the six (6) month periods ending 30 June 2022 and 30 June 2021 and Audited Consolidated Statement of Changes in Stockholders’ Equity for the year ending 31 December 2021 as Annex “D”;
- (5) Unaudited Consolidated Interim Cash Flow Statement for the six (6) month period ending 30 June 2022 and the six (6) month period ending 30 June 2021 as Annex “E”;
- (6) Interim Consolidated Cash Flow Statement for the three (3) month periods ending 30 June 2022 and 30 June 2021 as Annex “F”; and
- (7) Consolidated Balance Sheet as of 30 June 2022 and December 31, 2021 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 2021 increased to P119.3 million from P111.8 million in 2020. Equity in net earnings of associates decreased to P19.4 million in 2021 from P32.1 million in 2020. Interest income decreased to P18.3 million in 2021 from P21.2 million in 2020 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange gain of P31.0 million was recorded in 2021 versus a loss of P28.2 million in 2020 as the Peso devalued against foreign currencies which benefited the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent decreased slightly from P23.3 million in 2020 to P22.0 million in 2021. Gain on AFS, HTM and FVPL Financial Assets of P21.8 million was recorded in 2021 versus P21.9 million in 2020. Dividend income increased from P4.6 million in 2021 from P3.7 million in 2020.

Total consolidated expenses of the Registrant decreased to P62.1 million in 2021 compared to P103.3 million in 2020 due mainly to reversal of Net FX losses to Net FX gains in 2021.

As a result of the above, total consolidated income before tax in 2021 totaled P81.8 million compared to P46.1 million in 2020. After provision for income tax, total consolidated net income after tax totaled P64.5 million in 2021 compared to P43.4 million in 2020.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled P2.0 million in 2021 compared to P0.4 million in 2020.

Net income attributable to equity holders of the Registrant totaled P62.5 million in 2021 compared to P43.0 million in 2020.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2021, the Registrant's consolidated cash and cash equivalent totaled over P506.7 million compared to P523.5 million as of December 31, 2020. 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 P44.1 million at year-end 2021 compared to P38.0 million at year-end 2020. Total

equity amounted to P1.9 billion as of the end of 2021 compared to P1.8 billion at the end of 2020.

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 2021 totaled P506.7 million compared to P523.5 million at the end of 2020 while total current assets totaled P797.0 million at year-end 2021 compared to P751.7 billion at year-end 2020. 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 2022

- (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 2022 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 2022 or in the second quarter of 2021 aside from unrealized gain on trading securities, gain on disposal of AFS/HTM investments and net realized and unrealized foreign exchange gains.

The following is a detailed discussion of the Registrant's operations and financial condition during the second quarter of 2022 and second quarter of 2021.

Operating Results

Breakdown of Revenue for the Three Month Periods Ending June 30, 2022 and June 30, 2021 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	Second Quarter 2022	Vertical Percentage Analysis	Second Quarter 2021	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME						
From Banks	P 643	1.5%	P 681	4.3%	(38)	(5.6%)
From Securities	1,911	4.4%	2,433	15.2%	(522)	(21.5%)
TOTAL	P 2,554	5.9%	P 3,114	19.5%	(560)	(18.0%)
UNREALIZED GAIN ON TRADING SECURITIES	-	-	6,021	37.6%	-	-
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	-	-	92	0.6%	-	-
DIVIDEND INCOME	1,706	4.0%	1,429	8.9%	277	19.4%
RENT INCOME	5,976	13.9%	5,352	33.4%	624	11.6%
REALIZED GAIN ON DISPOSAL OF FVOCI	352	0.8%	-	-	352	100%
UNREALIZED FX GAIN	31,668	73.5%	-	-	31,668	100%
REALIZED FX GAIN	837	2.0%	-	-	837	100%
TOTAL	P 43,095	100%	P 16,009	100%	27,086	169%

Revenues. Consolidated revenues, during the 3-month period ended June 30, 2022 increased by 169% to P43.1 million compared to P16.0 million during the same 3-month period in 2021 as shown in Annex "C". The higher revenue was due mainly to higher realized and unrealized FX gain as the sharp devaluation of the Peso benefitted the foreign exchange denominated cash, stocks and bonds held by the Registrant and its subsidiaries. In addition, the

realized gain of disposal of FVOCI assets also contributed to the higher revenue.

Expenses. Consolidated expenses in the second quarter of 2022 totaled ₱72.4 million compared to ₱9.2 million in the second quarter of 2021. As shown in Annex “C”, the increase was accounted for by litigation expense due to one time arbitral award and higher unrealized loss on financial assets at FVPL as the substantial decline in global stock markets due to the Ukraine war and its economic effects penalized the stock and bonds held by the Registrant and its subsidiaries.

Operating Income. Due to the factors discussed above, consolidated operating loss in the second quarter of 2022 totaled ₱29.3 million compared to ₱6.8 million in the second quarter of 2021.

Net Income. Net loss totaled ₱29.3 million during the second quarter of 2022 compared to net income of ₱6.8 million in the second quarter of 2021. The tax benefit of this operating loss is computed and taken into account at year-end. Net loss in the second quarter of 2022 attributable to shareholders of the company totaled ₱27.8 million while ₱1.5 million in net loss was attributable to minority shareholders in the company’s 94% owned subsidiary Magellan Capital Holdings Corporation (MCHC). In the second quarter of 2021, ₱6.5 million in net income was attributable to stockholders of the company while ₱0.3 million net loss 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, 2022 compared to December 31, 2021.

Assets

Current Assets. Consolidated current assets as of June 30, 2022 totaled ₱799.2 million compared to ₱797.0 million as of December 31, 2021. Most of the increase was due to the higher cash and cash equivalents which increased to ₱518.3 million as of June 30, 2022 from ₱506.7 million as of December 31, 2021. Financial assets at FVPL also increased to ₱240.4 million as of June 30, 2022 from ₱230.6 million as of December 31, 2021.

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 2021 and at June 30, 2022 at ₱250.3 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 decreased from P395.1 million at year-end 2021 to P369.5 million at June 30, 2022.

Property and Equipment. This account totaled P5.3 million as of June 30, 2022 compared to P4.8 million as of December 31, 2021 due to increase in furniture and fixtures in the first half of 2022.

Investment in Property. This Account totaled P370.2 million at June 30, 2022 compared to P373.7 million at year end 2021 due to depreciation allowance provided in the first half of 2022.

Other Non-Current Assets. This account totaled P2.9 million as of June 30, 2022, compared to P29.1 million as of December 31, 2021, as the time deposits pledged to secure a bond to cover the litigation expenses was used to pay the arbitral award described in the expenses section.

Total Assets. As a result of the foregoing, total assets decreased to P1,879.9 million as of June 30, 2022 from P1,932.6 million as of December 31, 2021.

Liabilities and Equity

Current Liabilities. Current liabilities decreased to P13.3 million as of June 30, 2022 from P19.2 million as of December 31, 2021 due mainly to removal of provision for legal litigation as the legal obligation has been fully paid during the second quarter to 2022.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation, deposits payable and deferred tax liabilities remain at P24.9 million as of June 30, 2022, the same level as at year-end 2021.

Stockholder's Equity. Total stockholder's equity decreased to P1,841.8 million as of June 30, 2022 from P1,880.4 million at year-end 2021 due to the net loss generated in the first half of 2021. Total equity attributable to stockholders of the company totaled P1,769.1 million at June 30, 2022 from P1,814.6 million at December 31, 2021. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was P72.7 million at June 30, 2022 compared to P73.8 million at year-end 2021.

(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 2022 and 2021 are shown in Annex “C” and presented below in summary form:

(P 000)	2 nd Quarter 2022	Percentage (%)	2 nd Quarter 2021	Percentage (%)
Interest Income	P 2,554	5.9%	P 3,114	19.5%
Lease Rental Income	5,976	13.9%	5,352	33.4%
Dividend Income	1,706	4.0%	1,429	8.9%
Unrealized Gain on Trading Securities	-	-	6,022	37.6%
Realized Gain on FVPL	-	-	92	0.6%
Realized Gain on Disposal of FVOCI Assets	352	0.8%	352	0.8%
Unrealized FX Gain	31,668	73.5%	-	-
Realized FX Gain	837	2.0%	-	-
Total Income	P 43,095	100.00%	P 16,009	100.00%

Total revenue increased by 169% in the second quarter of 2022 to P43.1 million from P16.0 million in the second quarter of 2021. This was due mainly to higher unrealized FX gain and realized FX gain reported as other income.

Change in Net Income. The income statement in the second quarter of 2022 and 2021 are shown in Annex “C” and summarized below:

(P 000)	2 nd Quarter 2022	Percentage (%)	2 nd Quarter 2021	Percentage (%)
Revenues	P 43,095	100%	P 16,009	100.00%
Expenses	72,359	167.9%	9,178	57.3%
Net Income (Loss)	(29,264)	(67.9%)	6,831	42.7%
Attributable to:				
- Minority Interest	(1,463)	(3.4%)	289	1.8%
- Stockholders of Company	P (27,801)	(64.5%)	P 6,542	40.9%

The company realized a net loss of P27.8 million attributable to stockholders of the company in the second quarter of 2022, compared to a net income of P6.5 million attributable to stockholders of the company in the second quarter of 2021 due to the factors discussed in the preceding pages.

Earnings per Share. Net loss per share attributable to shareholders of the Company during the second quarter of 2022 was P0.073 per share compared to earnings per share of P0.017 in the second quarter of 2021.

Current Ratio. Current ratio as of June 30, 2022 was 60.3 X compared to 41.5 X as of December 31, 2021. Increase in cash and cash equivalent and decrease in current liability accounted for the higher current ratio.

Book Value Per Share. Book value per share as of June 30, 2022 was P4.62 per share compared to P4.73 per share as of December 31, 2021 due mainly to the net loss 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 27, 2022

The Board approved and adopted the following resolutions:

1. Date of Annual Stockholders' Meeting

“RESOLVED, that the Corporation’s Annual Stockholders’ Meeting be held on October 6, 2022, Thursday at 10:00AM 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.”

2. 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 (P0.15) per share, payable as follows:

- (i) Five Centavos **(P0.05) per share**, to stockholders of record as of July 12, 2022 (the “Record Date”), payable on or before July 30, 2022; and
- (ii) Ten Centavos **(P0.10) per share**, to stockholders of record as of August 19, 2022 (the “Record Date”), payable on or before September 15, 2022.

3. XEN Technologies

“Resolved, that the Corporation invest a total of USD 175,000.00 in XEN technologies Pte Ltd and for this purpose the President be as he is hereby authorized to sign, execute and deliver any and all documents as may be necessary for the implementation of the foregoing. In discussion on these investments, aside from Katrina Cokeng, Messrs Robert Cokeng, Mary Cokeng, Mark Ryan Cokeng, and Johnson Co abstained on approval for the transaction since they are related parties to Katrina Cokeng.”

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 & I Prince Holdings Corporation*

Principal Executive Officer



ROBERT Y. COKENG, President

Signature and Title

Date **15 August 2022**

Principal Financial/Accounting Officer/Controller



MARK RYAN K. COKENG, Treasurer

Signature and Title

Date **15 August 2022**

My Docs>F&J>2022 Files>SEC Form 17Q>
2nd Quarter>2nd Quarter Report-30 June 2022

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2022 AND DECEMBER 31, 2021

ANNEX "A"

Page 1

ASSETS	UNAUDITED JUNE 30, 2022	AUDITED DEC. 31, 2021
<i>Current Assets</i>		
Cash and cash equivalents	P 518,267,121	P 506,730,242
Financial assets at fair value through profit or loss	240,355,366	230,605,109
Convertible note receivable	0	0
Receivables-net :		
Advances to Officers & Employees	0	0
Interest Receivable	5,070,698	5,999,000
Dividends Receivable	0	17,144,030
Receivable from related parties	210,799	169,928
Others	612,447	1,523,206
Total Receivables	5,893,944	24,836,164
Allowance for impairment losses	1,007,000	983,138
Total Receivables-Net	4,886,944	23,853,026
Current portion of HTM investments	0	0
Current portion of AFS financial assets	436,419	355,418
Prepaid expenses & other current assets:		
Input Tax	26,819,905	27,640,066
Prepaid Income Tax	1,105,857	1,105,857
Others	7,322,293	6,726,616
Total Prepaid expenses and other current assets	35,248,055	35,472,539
<i>Total Current Assets</i>	P 799,193,905	P 797,016,334
<i>Non-current Assets</i>		
Convertible notes receivable	56,057,641	56,057,641
Investments in associates	250,329,635	250,329,635
Investment in rights issue subscription	26,499,000	26,499,000
Financial assets at FVOCI-net of current portion	369,510,928	395,096,847
Investment in property	370,218,332	373,683,237
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	4,078,324	2,892,436
Total	40,832,839	39,646,951
Less: Accumulated depreciation	35,563,036	34,884,007
Net Book Value	5,269,803	4,762,944
Total Property and Equipment	5,269,803	4,762,944
Other non-current assets	2,854,386	29,116,134
<i>Total Non-Current Assets</i>	1,080,739,725	1,135,545,438
TOTAL ASSETS	P 1,879,933,630	P 1,932,561,772

LIABILITIES & STOCKHOLDERS' EQUITY	UNAUDITED JUNE 30, 2022	AUDITED DEC. 31, 2021
<i>Current Liabilities</i>		
Accounts Payable and accrued expenses		
Accounts payable-trade	0	0
Accounts payable-others	165,994	749,267
Withholding taxes payable	232,158	423,177
SSS Premium Payable	20,427	23,242
HDMF Premium Payable	1,896	1,896
Philhealth Premium Payable	17,193	10,823
Deposit Payable	4,070,053	3,802,551
Output Vat Payable	1,601,357	1,455,631
Accrued expenses	724,089	1,277,974
Total Accounts payable and accrued expenses	P 6,833,167	P 7,744,561
Dividends Payable	6,422,407	6,422,407
Income Tax Payable	0	60,199
Provision for legal obligation	0	5,000,000
Total Current Liabilities	P 13,255,574	P 19,227,167
<i>Non-Current Liabilities</i>		
Deferred tax liabilities	6,619,516	6,619,516
Deposits payable	2,555,315	2,555,315
Retirement benefit obligation	15,741,117	15,741,117
Total Non-Current Liabilities	24,915,948	24,915,948
<i>Stockholders' Equity</i>		
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 loss on financial assets at FVOCI	(44,081,410)	(13,502,944)
Actuarial gain on retirement benefit obligation	1,005,072	1,005,072
Accumulated share in other comprehensive income of associates	87,890,753	87,890,753
Retained earnings	1,199,801,062	1,214,760,272
Total Equity Attributable to Stockholders of the Company	1,769,108,281	1,814,645,957
Minority Interest	72,653,827	73,772,700
Total Stockholders' Equity	1,841,762,108	1,888,418,657
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P 1,879,933,630	P 1,932,561,772

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 SIX MONTHS PERIOD ENDING JUNE 30, 2022 AND JUNE 30, 2021

	UNAUDITED JUNE 30, 2022	UNAUDITED JUNE 30, 2021
REVENUES		
Interest Income		
From Banks	P 1,036,747	P 1,260,570
From Securities	3,762,292	4,666,251
Total Interest Income	4,799,039	5,926,821
Unrealized gains on trading securities	1,536,863	39,704,099
Rental Income	11,663,774	10,499,663
Gains on disposal /redemption of financial assets at FVTPL	5,993,835	91,833
Dividend Income	1,982,638	1,583,981
Realized gain on disposal of fin. assets at FVOCI	352,516	
Net unrealized foreign exchange gain	31,667,805	0
Realized foreign exchange gain	1,681,580	0
	P 59,678,050	P 57,806,397
EXPENSES		
Doubtful accounts expense	23,862	
Net foreign exchange loss	25,630	25,630
Salaries, wages and employees' benefits	5,943,047	5,671,258
Depreciation	5,080,141	5,042,641
Professional fees	1,191,356	1,393,656
Condominium dues	2,069,004	1,673,757
Litigation expenses	24,615,173	0
Taxes and licenses	685,752	932,057
Entertainment, amusement and recreation	247,961	43,927
Unrealized loss on financial assets at FVPL	33,165,292	0
Others	2,734,545	2,662,767
	75,756,133	17,445,693
NET INCOME	P (16,078,083)	P 40,360,704
NET INCOME ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P (14,959,210)	P 38,372,668
MINORITY INTERESTS	(1,118,873)	1,988,036
EARNINGS PER SHARE	P (0.039)	P 0.010

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, 2022 AND JUNE 30, 2021**

	UNAUDITED JUNE 30, 2022	UNAUDITED JUNE 30, 2021
NET INCOME	P (16,078,083)	P 40,360,704
OTHER COMPREHENSIVE INCOME(LOSS)		
Changes in fair value of AFS investments	-	-
Amortization of unrealized losses on changes in fair value of AFS investments		
Unrealized loss/gain on financial assets at FVOCI	(30,578,466)	873,581
Impairment loss on AFS investments		
Others		
	(30,578,466)	873,581
TOTAL COMPREHENSIVE INCOME(LOSS)	P (46,656,549)	P 41,234,285
TOTAL COMPREHENSIVE INCOME(LOSS)		
ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P (44,323,721)	P 39,172,570
MINORITY INTERESTS	(2,332,828)	2,061,715
	P (46,656,549)	P 41,234,285

See accompanying Notes to Consolidated Financial Statements

Prepared by:

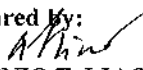
A. T. Liao
ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS PERIOD APRIL 1-JUNE 30, 2022 AND APRIL 1-JUNE 30, 2021

	UNAUDITED APRIL 1- JUNE 30, 2022	UNAUDITED APRIL 1- JUNE 30, 2021
REVENUES		
Interest Income		
From Banks	P 643,406	P 681,152
From Securities	1,910,633	2,433,255
Total Interest Income	2,554,039	3,114,407
Unrealized gains on trading securities	0	6,021,557
Rental Income	5,976,401	5,352,376
Dividend Income	1,706,425	1,428,776
Unrealized forex gain	31,667,805	0
Realized gain on disposal of FVOCI	352,516	
Realized gain on sale of FVPL	0	91,833
Realized forex exchange gain	837,905	0
	P 43,095,091	P 16,008,949
EXPENSES		
Doubtful accounts expense	23,862	0
Litigation expenses	24,615,173	
Salaries, wages and employees' benefits	2,969,503	2,845,821
Depreciation	2,559,466	2,521,307
Professional fees	699,158	1,089,651
Condominium dues	600,577	916,747
Realized loss on disposal/redemption of bonds/FVOCI	78,467	0
Taxes and licenses	68,442	72,479
Entertainment, amusement and recreation	140,270	31,807
Unrealized loss on financial assets at FVPL	39,683,816	0
Others	920,435	1,700,324
	72,359,169	9,178,136
NET INCOME	P (29,264,078)	P 6,830,813
NET INCOME ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P (27,800,874)	P 6,542,374
MINORITY INTERESTS	(1,463,204)	288,439
EARNINGS PER SHARE	P (0.073)	P 0.017

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 30,2022 AND APRIL 1-JUNE 30,2021

	UNAUDITED APRIL 1- JUNE 30,2022	UNAUDITED APRIL 1-JUNE 30,2021
NET INCOME	P (29,264,078)	P 6,830,813
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	(18,552,304)	(134,950)
Impairment loss on AFS investments		
Others		
	(18,552,304)	(134,950)
TOTAL COMPREHENSIVE INCOME(LOSS)	P (47,816,382)	P 6,695,863
TOTAL COMPREHENSIVE INCOME(LOSS)		
ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P (45,425,563)	P 6,361,070
MINORITY INTERESTS	(2,390,819)	334,793
	P (47,816,382)	P 6,695,863

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, 2022 AND JUNE 30, 2021
AND THE YEAR ENDED DECEMBER 31, 2021

	UNAUDITED JUNE 30, 2022	UNAUDITED JUNE 30, 2021	AUDITED DEC. 31, 2021
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			
Treasury Shares	(102,094,826)	(102,094,826)	(102,094,826)
Unrealized loss on financial assets at FVOCI	(44,081,410)	(26,562,178)	(13,502,944)
Other Reserves			
Actuarial gain on retirement benefit obligation	1,005,072	(667,428)	1,005,072
Share in other comprehensive income of associates	87,890,753	74,492,608	87,890,753
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES			
RETAINED EARNINGS			
Balance at beginning of period	1,214,760,272	1,190,632,669	1,190,632,669
Net Income	(14,959,210)	38,372,668	62,496,955
Dividends declared			(38,369,352)
Balance at end of period	1,199,801,062	1,229,005,337	1,214,760,272
	1,769,108,281	1,800,761,143	1,814,645,957
Minority Interests	72,653,827	74,393,522	73,772,700
TOTAL STOCKHOLDERS' EQUITY			
	P 1,841,762,108 P	1,875,154,665 P	1,888,418,657

See accompanying Notes to Consolidated Financial Statements

Prepared by:

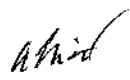

ARSENIO T. LIAO
 Accountant

F & J PRINCE HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2022 AND JUNE 30, 2021

	UNAUDITED JUNE 30, 2022	UNAUDITED JUNE 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	P (14,959,210) P	38,372,668
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	(1,118,873)	1,988,036
Depreciation and amortization	5,080,141	(873,581)
Net unrealized losses/gains on financial assets at FVOCI	(30,578,466)	5,042,641
Amortization of unrealized loss/gain on FV of AFS inv.		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	18,966,082	21,493,149
Prepaid expenses and other current assets	224,484	931,246
Increase (decrease) in accounts payable and accrued expenses	(911,394)	4,514,489
<i>Net cash provided by operating activities</i>	(23,297,236)	71,468,648
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	(2,122,095)	(3,527)
AFS/HTM investments and financial assets at FVPL		
Financial assets at FVOCI and FVPL	15,754,661	(88,592,390)
Decrease (increase) in:		
Investment in property	0	
Other assets	26,261,748	(31,343,799)
<i>Net cash provided by (used in) investing activities</i>	39,894,314	(119,939,716)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Deposits payable		(2,726,766)
Provision for legal obligation	(5,000,000)	0
Income tax payable	(60,199)	0
<i>Net cash provided by (used in) financing activities</i>	(5,060,199)	(2,726,766)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, BEGINNING	P 11,536,879 P	(51,197,834)
CASH AND CASH EQUIVALENTS, ENDING	P 518,267,121 P	472,341,407

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, 2022 AND APRIL 1-JUNE 30, 2021

	UNAUDITED APRIL 1- JUNE 30, 2022	UNAUDITED APRIL 1- JUNE 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	P (27,800,874) P	6,542,374
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings in associate	0	
Minority interest	(1,463,204)	288,439
Depreciation and amortization	2,559,466	2,521,307
Net unrealized losses/gains on financial assets at FVOCI	(18,552,304)	(134,950)
Amortization of unrealized loss/gain on FV of AFS inv.		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	759,694	13,857,254
Prepaid expenses and other current assets	637,578	623,495
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,529,561)	2,846,670
Net cash provided by operating activities	(45,389,205)	26,544,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	(2,100,757)	0
Investment in property		
Financial assets at FVOCI and FVPL	28,117,294	(32,770,897)
Investment in associates	0	0
Decrease(increase) in		
Other assets	26,258,748	(9,673,600)
Net cash provided by (used in) investing activities	52,275,285	(42,444,497)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Provision for legal obligation	(5,000,000)	0
Deposits payable	0	(2,555,315)
Dividends payable	0	0
Income tax payable	(60,199)	0
Net cash provided by (used in) financing activities	(5,060,199)	(2,555,315)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	P 1,825,881 P	(18,455,223)
CASH AND CASH EQUIVALENTS, BEGINNING	516,441,240	490,796,630
CASH AND CASH EQUIVALENTS, ENDING	P 518,267,121 P	472,341,407

F&J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2022 AND DECEMBER 31, 2021
WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

"ANNEX G"

Page I

	UNAUDITED JUNE 30, 2022	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2022	AUDITED DEC. 31, 2021	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2021	INCREASE (DECREASE) AMOUNT JUNE 30, 2022	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2022
ASSETS						
Current Assets						
Cash and cash equivalents	518,267,121	27.57%	506,730,242	26.21%	11,536,879	2.28%
Financial assets at fair value through fair value thru profit or loss (FVPL)	240,355,366	12.79%	230,605,109	11.93%	9,750,257	4.23%
Short-term investments	-	-	-	-	-	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	5,070,698	0.27%	5,999,000	0.31%	(928,302)	-15.47%
Dividends Receivable	0	0.00%	17,144,030	0.89%	(17,144,030)	-100.00%
Receivable from related parties	210,799	0.01%	169,928	0.01%	40,871	24.05%
Others	612,447	0.03%	1,523,206	0.08%	(910,759)	-59.79%
Total Receivables	5,893,944	0.31%	24,836,164	1.29%	(18,942,220)	-76.27%
Allowance for impairment losses	1,007,000	-0.05%	983,138	-0.05%	23,862	2.43%
Total Receivables-Net	4,886,944	0.26%	23,853,026	1.24%	(18,966,082)	-79.51%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	436,419	0.02%	355,418	0.02%	81,001	122.79%
Prepaid expenses & other current assets:						
Others	7,322,293	0.39%	6,726,616	0.35%	595,677	8.86%
Input Tax	26,819,905	1.43%	27,640,066	1.43%	(820,161)	-2.97%
Prepaid Income Tax	1,105,857	0.06%	1,105,857	0.06%	0	0.00%
Total Prepaid expenses & other current assets	35,248,055	1.88%	35,472,539	1.84%	(224,484)	-0.63%
Total Current Assets	799,193,905	42.52%	797,016,334	41.24%	2,177,571	0.27%
Non-current Assets						
Convertible notes receivable	56,057,641	2.98%	56,057,641	2.90%	0	0.00%
Investments in associates	250,329,635	13.31%	250,329,635	12.95%	0	0.00%
Investment in rights issue subscription	26,499,000	1.41%	26,499,000	1.37%	0	0.00%
Financial assets at FVOCI	369,510,928	19.66%	395,096,847	20.44%	(25,585,919)	-6.48%
Investment in properties	370,218,332	19.69%	373,683,237	19.34%	(3,464,905)	-0.93%
Property and Equipment						
Building	20,755,943	1.10%	20,755,943	1.08%	0	0.00%
Building Improvements	8,764,062	0.47%	8,764,062	0.46%	0	0.00%
Transportation equipment	7,234,510	0.38%	7,234,510	0.37%	0	0.00%
Furniture and fixtures	4,078,324	0.22%	2,892,436	0.15%	1,185,888	41.00%
Total Property and Equipment	40,832,839	2.17%	39,646,951	2.06%	1,185,888	2.99%
Less: accumulated depreciation	35,563,036	-1.89%	34,884,007	-1.81%	679,029	1.95%
Net Book Value	5,269,803	0.28%	4,762,944	0.25%	506,859	10.64%
Total Property and Equipment	5,269,803	0.28%	4,762,944	0.25%	506,859	10.64%
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets - net	2,854,366	0.15%	29,116,134	1.51%	(26,261,748)	-90.20%
Total Non-Current Assets	1,080,739,725	57.48%	1,135,545,438	58.76%	(54,805,713)	-4.83%
TOTAL ASSETS	1,879,933,630	100.00%	1,932,561,772	100.00%	(52,628,142)	-2.72%

	UNAUDITED JUNE 30, 2022	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2022	AUDITED DEC. 31, 2021	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2021	INCREASE (DECREASE) AMOUNT JUNE 30, 2022	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2022
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	165,994	0.00%	749,267	0.04%	(584,394)	-78.00%
Withholding taxes payable	232,158	0.01%	423,177	0.02%	(162,743)	-38.46%
SSS Premium Payable	20,427	0.00%	23,242	0.00%	(2,145)	-9.23%
HDMF Premium Payable	1,896	0.00%	1,896	0.00%	0	0.00%
Philhealth Premium Payable	17,193	0.00%	10,823	0.00%	217	2.00%
Deposit Payable	4,070,053	0.25%	3,802,551	0.20%	976,788	25.69%
Output Vat Payable	1,601,357	0.08%	1,455,631	0.08%	143,225	9.84%
Accrued expenses	724,089	0.08%	1,277,974	0.07%	247,219	19.34%
Total Accounts payable & accrued expenses	6,833,167	0.42%	7,744,561	0.41%	618,167	7.98%
Dividends Payable	6,422,407	0.33%	6,422,407	0.33%	0	0.00%
Income Tax Payable	0	0.00%	60,199	0.00%	0	0.00%
Provision for legal obligation	0	0.26%	5,000,000	0.26%	0	0.00%
Total Current Liabilities	13,255,574	1.01%	19,227,167	1.00%	618,167	3.22%
Non-Current Liabilities						
Deposits payable	2,555,315	0.13%	2,555,315	0.13%	0	0.00%
Deferred tax liabilities	6,619,516	0.34%	6,619,516	0.34%	0	0.00%
Retirement benefit obligation	15,741,117	0.82%	15,741,117	0.81%	0	0.00%
Total Non-Current Liabilities	24,915,948	1.29%	24,915,948	1.28%	0	0.00%
Stockholders' Equity						
Capital stock	481,827,653	24.92%	481,827,653	24.93%	0	0.00%
Additional paid in capital	144,759,977	7.48%	144,759,977	7.49%	0	0.00%
Unrealized loss on fin. assets at FVOCI	(44,081,410)	-1.32%	(13,502,944)	-0.70%	(12,026,162)	-89.06%
Actuarial gain on retirement obligation	1,005,072	0.05%	1,005,072	0.05%	0	0.00%
Accumulated share in OCI of associates	87,890,753	4.54%	87,890,753	4.55%	0	0.00%
Treasury shares	(102,094,826)	-5.28%	(102,094,826)	-5.28%	0	0.00%
Retained earnings	1,199,801,062	63.46%	1,214,760,272	62.86%	12,581,465	1.04%
Total Equity Attributable to Stockholders of the Company	1,769,108,281	93.85%	1,814,645,957	93.90%	555,303	0.03%
Minority Interest	72,653,827	3.85%	73,772,700	3.82%	604,530	0.82%
Total Stockholders' Equity	1,841,762,108	97.70%	1,888,418,657	97.72%	1,159,833	0.06%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,879,933,630	100.00%	1,932,561,772	100.00%	1,778,000	0.09%

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 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, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as a "Group") as December 31, 2021 and for the year ended December 31, 2021 were approved and authorized for issuance by the Board of Directors (BOD) on May 13, 2022.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (P), the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest Peso except as otherwise indicated.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance 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.

2.3 Basis of Measurement

The Group also prepares and issues separate financial statements for the same period presented in accordance with PFRSs which can be accessed by public either through its website or from the SEC.

2.4 Basis of Consolidation

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 Basis
Financial assets at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation

3. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

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

3.1 Adoption of Amendments to Standards

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

- Amendments to PFRS 16, *Leases - COVID-19-Related Concessions beyond June 30, 2021*. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

This amendment is effective for annual periods beginning on or after April 1, 2021.

These amendments had no impact on the consolidated financial statements of the Group.

3.2 Amendments to Standards Issued but not yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2021, and have not been applied in preparing the consolidated financial statements are summarized below.

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

- Amendments to PFRS 3, *Business Combinations - Reference to the Conceptual Framework*. The amendments add an exception to the recognition principle of PFRS 3 to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies*, if incurred separately. It also clarifies that contingent assets do not qualify recognition at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022.
- Amendments to PAS 16, *Property, Plant and Equipment- Proceeds before Intended Use*. The amendments prohibit the entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Instead, the entity recognizes such sales proceeds and any related costs in the profit or loss.
- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Costs of Fulfilling a Contract*. The amendments specify the costs a Group includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a "directly related approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

- Annual Improvements to PFRS Standards 2018 - 2020 Cycle
 - Amendments to PFRS 1, *First-time Adoption of PFRS - Subsidiary as a First-time Adopter*.
The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.
 - Amendments to PFRS 9, Financial Instruments - Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities.
The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
 - Amendments to PFRS 16, Leases - *Lease Incentives*.
The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
 - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements*.
The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

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

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.
- PFRS 17, *Insurance Contracts*. This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfilment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to the standard, including a deferral of its effective date to January 2023.
- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*. The amendments to PAS 1 specify the requirements for classifying current and noncurrent liabilities. The amendments will clarify that a right to defer must exist at the end of reporting period and the classification is unaffected by the likelihood that an entity will exercise its deferral right. The issuance of amendments was deferred until January 1, 2023, as a result of COVID-19 pandemic.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The

amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

- Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure Initiative -Accounting Policies*. The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Group.

3.3 Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements 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.

3.4 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 are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; 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.

3.5 Financial Instruments

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

3.5.1 Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts 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 fair value through profit or loss, transaction costs. Accounts 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 amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will

result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. 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 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.

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

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables, due from related parties, and convertible notes receivable.

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 fair value through OCI (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 fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 statement of profit or loss 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 the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss 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 flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, 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 eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the separate statement of financial position at fair value. Gains and losses arising from fair value changes are recognized in the separate statement of income.

Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. 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 effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The 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 ECLs will be recognized throughout the life of financial assets. A loss allowance at an amount equal to lifetime ECLs 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. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

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

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

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

3.5.2 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, "Due to related parties", "Dividends payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards).

Derecognition

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

3.5.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements 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 counter parties.

3.6 Prepayments and Other Current Assets

3.6.1 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.

3.6.2 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 separate 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 separate statement of financial position to the extent of the recoverable amount.

3.7 Investments in Associates

An associate is an entity in 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 cost method of accounting.

Under the cost method, the investment in associates are carried in the separate statement of financial position at cost plus post-acquisition changes arising only from additional investments less subsequent withdrawal of shares. The Group recognizes income from the investment only to the extent that the Group receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment. After application of the cost method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

3.8 Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income of such period.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Property and Equipment	Number of Years
Transportation equipment	10
Furniture, fixtures, and equipment	5
Condominium improvements	10 or useful life whichever is shorter

Expected useful lives are reviewed at each statement of financial position date and if they differ significantly from previous estimates, the remaining depreciation periods are adjusted accordingly.

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 statement of comprehensive income in the year the asset is derecognized.

3.9 Accrued Expenses and other payables

3.9.1 Accrued Expenses

Accrued expenses are recognized in the period in which the related money, goods or services are received or incurred and have been invoiced or formally agreed with the supplier. These are non-interest bearing and are stated at their amortized cost if payable beyond 12 months otherwise are stated at undiscounted amount.

3.9.2 Other Payables

Other payables include government-imposed obligations such as withholding taxes, statutory payroll obligations and income tax payable to the Local Government Unit (LGU) and are stated at cost.

3.10 Impairment of Nonfinancial Assets

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

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

3.11 Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Adjustment is reflected in the right-of-use asset, of profit or loss if the right-of-use asset is already reduced to zero.

3.12 Capital Stock

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.

3.13 Retained Earnings

The amount included in retained earnings includes income attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the BOD. 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 relevant transitional provisions.

3.14 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.

3.14.1 Dividend income

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

3.14.2 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. Interest income is recognized in the consolidated statements of income.

3.14.4 Rent income

Rent income arising from operating lease on investment properties is accounted for on a straight-line basis over the non-cancellable lease term and is included in revenue in the consolidated statements of income.

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.

3.14.5 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.

3.15 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 are incurred.

3.16 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.

Remeasurement 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 statements of comprehensive income in the period in which they occur. Remeasurement are not reclassified to the consolidated statements of income in subsequent periods.

Past service costs are recognized in the consolidated statements 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 statements 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

3.17 Leases

3.17.1 Group 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 separate statement of income.

3.18 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 profit or loss. 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.

3.19 Income Taxes

3.19.1 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.

3.19.2 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 of 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 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 statements of income.

3.20 Provisions, Contingent Assets and Contingent Liabilities

3.20.1 Provisions

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

3.20.2 Contingencies

Contingent assets and 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 separate financial statements but are disclosed when an inflow of economic benefits is probable.

3.21 Earnings per Share (EPS)

Basic EPS is computed by dividing earnings applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Outstanding share options plan (SOP) shares will have a dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option. Where the effect of the exercise of all outstanding options has anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Potential ordinary shares are weighted for the period they are outstanding. Potential ordinary shares that are converted into ordinary shares during the period are included in the calculation of diluted EPS from the beginning of the period to the date of conversion; from the date of conversion, the resulting ordinary shares are included in both basic and diluted EPS.

3.22 Related Party Transactions

Transactions with related parties accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts.

3.23 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).

3.24 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 separate financial statements and related notes. The judgments, estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. Actual results could differ from such estimates.

Judgments and estimates 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:

4.1 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 separate financial statements:

Determination of Significant Influence over an Investee Company

The Group considers its investments in Pointwest Technologies Corporation (PTC) and Business Process Outsourcing International, Inc. (BPO) as investments in associates. The Group concluded that given its 30% and 35% ownership interest in PTC and BPO, 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.

4.1.1 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 separate 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.

4.1.2 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 P56.1 million and P42.1 million as at December 31, 2021 and 2020, respectively, met the SPPI criterion.

4.1.3 Evaluation of Business Model in Managing Financial

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.

4.2 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 separate financial statements. Actual results could differ from such estimates.

4.2.1 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 judgment. While significant components of fair value measurement were determined using verifiable objective evidence, (i.e., quoted prices, interest rates, foreign exchange rates), the amount of changes in fair value would differ if the Group utilized 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 presented in Note 26.

4.2.2 Estimating Provision for Expected Credit Losses

The Group uses the general approach to calculate expected credit losses for receivables. The provision rates are based on days past due for each customer. 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 expected credit losses is disclosed in Note 9.

In 2021, the Group recognized additional provision for expected credit losses on its receivables amounting to ₱0.07 million.

The aggregate allowance for expected credit losses on receivables amounted to ₱189.6 million and ₱189.5 million as at December 31, 2021 and 2020. The receivables, net of allowance for expected credit losses, amounted to ₱23.9 million and ₱30.8 million as at December 31, 2021 and 2020, respectively (see Notes 7 and 21).

4.2.3 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.

Expected credit losses amounted to ₱0.7 million in December 31, 2019. The carrying value of debt securities classified as financial assets at FVOCI amounted to ₱165.8 million and ₱202.1 million as at December 31, 2021 and 2020, respectively (see Note 9).

4.2.4 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 ₱250 million and ₱278.9 million as at December 31, 2021 and 2020 (see Note 11).

4.2.5 Estimating Impairment of Nonfinancial Assets

The Group determines whether prepayments and other current assets, property and equipment, 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, 2021 and 2020 presented below:

	Notes	2021	2020
Prepayments and other current assets	8	P35,472,539	P35,741,882
Property and equipment – net	13	4,762,944	6,038,953
Investment properties – net	14	373,683,237	382,487,423
Other noncurrent assets	15	2,857,386	2,837,386
		P416,776,106	P427,105,644

4.2.6 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 tax asset on its temporary differences amounting to P288.4 million as of December 31, 2021 and 2020 as management believes that sufficient future taxable income will not be available to allow all or part of the deferred tax assets to be utilized (see Note 19).

5. Cash and Cash Equivalents

This account consists of:

	June, 2022	2021
Cash on hand and with banks	P103,271,631	P112,731,133
Short-term placements	414,995,490	393,999,109
	P518,267,121	P506,730,242

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 0.625% to 3.25% in 2021 and 0.6% to 3.8% in 2020.

Interest income earned from these bank deposits and short-term placements amounted to P2.8 million, P7.9 million and P18.9 million in 2021, 2020 and 2019, respectively.

6. Financial Assets at Fair Value Through Profit or Loss (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 P72.5 million and P50.7 million in 2021 and 2020, respectively.

As of June 30, 2022, the financial assets at FVTPL is valued at P 240,355,366.

7. Receivables – net

This account consists of:

	Note	June, 2022	2021
Accrued interest		P5,070,698	P5,999,000
Rent receivable	12	105,351	1,474,265
Others		507,096	48,941
		5,683,145	7,522,206
Less: allowance for expected credit losses		1,007,000	983,138
		P4,676,145	P6,539,068

Accrued interest from third parties pertain 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. Prepayments and Other Current Assets

This account consists of:

	June, 2022	2021
Current input tax	P26,819,905	P27,640,066
Deposits on contracts	3,241,680	3,128,771
Creditable withholding tax	2,763,733	2,181,031
Prepaid expenses	1,261,170	1,264,111
Prepaid income tax	1,105,857	1,105,857
Deferred Input Tax	55,710	152,703
	P35,248,055	P35,472,539

Input VAT represents tax paid on purchases of applicable goods and services and can be recovered as tax credit against future tax liability of the Company upon approval by the Bureau of Internal Revenue (BIR) and/or the Bureau of Customs (BOC).

9. Financial Assets at Fair Value through Comprehensive Income (FVOCI)

This account consists of:

	June, 2022	2021
Quoted		
Debt securities, net of allowance for impairment loss of P2.1 million	P124,564,212	P165,813,015
Equity securities	24,018,885	21,734,249
Unquoted equity securities	221,364,250	207,905,001
	P369,947,347	P395,452,265

Movements in financial assets at FVOCI financial assets are as follows:

	June, 2022	2021
Beginning balances	P395,452,265	P350,642,209
Additions	27,992,155	53,961,455
Disposals	(22,918,607)	(45,202,791)
Changes recognized in profit or loss		20,135,069
Movements in net unrealized valuation gains (losses)	(30,578,466)	15,916,323
	P369,947,347	P395,452,265

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 statements of comprehensive income. The debt securities bear fixed interest rates ranging from 4.75% to 6.625% in 2021, 4.337% to 7.25% in 2020 and 4.375% to 7.25%. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

The Group has investment in government issued debt security that is a peso-denominated, fixed-income Philippine Treasury Note with an effective interest rate of 8.125%

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 of December 31, 2021 and 2020. 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:

	2021	2020
Beginning balances	(P20,578,970)	(P13,073,284)
Movements in fair value before tax	15,752,983	(8,934,827)
Tax effect	(2,982,138)	1,429,141
	(P7,808,125)	(P20,578,970)

Allowance for expected credit losses on financial assets at FVOCI amounted to P2.1 million as of December 31, 2021 and 2020.

Net unrealized valuation losses on financial assets at FVOCI attributable to equity holders of the Group amounted to P12.2 million and P7.1 million in 2021 and 2020, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to P11.0 million, P13.4 million and P17.4 million in 2021, 2020 and 2019, respectively, presented as "Interest income" in the consolidated statements of income.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to P0.1 million, P0.9 million and P1.1 million in 2021, 2020 and 2019, respectively.

The Group disposed certain financial assets at FVOCI and recognized a gain (loss) from disposal amounting to P2.1 million, (P2.1 million) and P3.9 million in 2021, 2020 and 2019, 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 US\$1,050,000 and US\$850,000 was paid for the years ended December 31, 2021 and 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 US\$1,500,000;
- 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 carrying amount of the Notes amounted to P56.1 million and P42.1 million as at December 31, 2021 and 2020, respectively.

Interest income earned amounted to P4.4 million in December 31, 2021.

11. Investment in Associates

This account consists of:

	June, 2022	2021
Acquisition cost	P193,760,135	P193,760,135
Accumulated equity in net earnings:		
As at beginning of year	179,980,700	179,980,700
Share in net income of associates	19,412,918	19,412,918
Share in other comprehensive income from associates	1,759,284	1,759,284
Share in dividends declared by associates	(61,392,134)	(61,392,134)
Cumulative translation adjustment	11,638,861	11,638,861
	151,399,629	151,399,629
	345,159,764	345,159,764
Less: allowance for impairment losses	(94,830,129)	(94,830,129)
	P250,329,635	P250,329,635

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

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investments	
			2021	2020
MUDC	Philippines	43%	P94,830,129	P94,830,129
Less: allowance for impairment losses			(94,830,129)	(94,830,129)
			—	—
PTC	Philippines	30%	161,165,221	203,003,334
BPO	Philippines	35%	89,164,414	75,907,372
			P250,329,635	P278,910,706

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 September 1, 2021, PTC declared cash dividends amounting to \$2.0 million or \$0.00147 per share of the outstanding stocks. Dividends shall be payable on or before October 31, 2021.

On December 16, 2021, PTC declared another cash dividends amounting to \$2.0 million or \$0.00147 per share of the outstanding stocks. Dividends shall be payable on or before February 28, 2022.

On September 17, 2020, PTC declared cash dividends amounting to \$0.8 million or \$0.0055 per share of the outstanding stocks. Dividends shall be payable on or before April 30, 2021 (see Note 19).

The Group's share in the dividends declared amounted to P30.8 million and P30.4 million in 2021 and P10.9 million in 2020.

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.

The Group's share in the dividends declared amounted to nil and P3.5 million in 2021 and 2020, respectively.

Dividend receivable of the Group amounted to P1.7 million and P10.5 million as of December 31, 2021 and 2020, respectively.

MUDC

The Group has a 43% interest in MUDC. As of December 31, 2021, 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 of December 31, 2021 and 2020, 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.

The Group has investment in MUDC amounting to P94.8 million as of December 31, 2021 and 2020 and advances to MUDC amounting to P188.5 million and P188.4 million as of December 31, 2021 and 2020, respectively. The Group has assessed that its investment in MUDC amounting to P94.8 million as of December 31, 2021 and 2020 and its advances to MUDC amounting to P188.4 million as of December 31, 2021 and 2020 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 of December 31, 2021 and 2020.

12. Investment in Rights Issue Subscription

The Group entered into an agreement with Xen to invest in rights issue subscription amounting to P26.5 million and P19.2 million in 2021 and 2020, respectively. 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, 2021 and 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.

13. Property and Equipment – net

Movements in and compositions of the Group's property and equipment are as follows:

As of June 30, 2022					
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	20,755,943	8,764,062	7,234,510	2,892,436	39,646,951
Additions	—	—	—	1,185,888	1,185,888
Disposals	—	—	—	—	—
Ending balances	20,755,943	8,764,062	7,234,510	4,078,324	40,832,839
Accumulated depreciation					
Beginning balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Depreciation	415,118	35,274	166,385	62,252	679,029
Disposals	—	—	—	—	—
Ending balances	18,057,980	8,634,197	6,068,723	2,802,136	35,563,036
Net Book Values	P2,697,963	P129,865	P1,165,787	P1,276,188	P5,269,803

As of December 31, 2021					
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	P20,755,943	P8,764,062	P7,234,510	P3,064,597	P39,819,112
Additions	—	—	—	3,526	3,526
Disposals	—	—	—	(175,687)	(175,687)
Ending balances	20,755,943	8,764,062	7,234,510	2,892,436	39,646,951
Accumulated depreciation					
Beginning balances	16,812,625	8,528,376	5,569,572	2,869,586	33,780,159
Depreciation	830,237	70,547	332,766	45,056	1,278,606
Disposals	—	—	—	(174,758)	(174,758)
Ending balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Net Book Values	P3,113,081	P165,139	P1,332,172	P152,552	P4,762,944

The Group recognized gains on disposal of property and equipment amounting to P0.001 million and P0.4 million in 2021 and 2020, respectively.

Management believes that there is no indication of impairment loss that has occurred on its property and equipment.

14. Investment Properties – net

The roll forward of the Group's investment properties is as follows:

As of June 30, 2022			
	Land	Condominium and Improvements	Total
Cost			
Beginning balances	P46,319,625	P395,755,000	P442,074,625
Additions	—	936,207	936,207
Ending balances	P46,319,625	P396,691,207	P443,010,832
Accumulated depreciation			
Beginning balances	—	68,391,388	68,391,388
Depreciation	—	4,401,112	4,401,112
Ending balances	—	72,792,500	72,792,500
Net Book Values	P46,319,625	P323,898,707	P370,218,332

	As of December 31, 2021		Total
	Land	Condominium and Improvements	
Cost			
Beginning and ending balances	P46,319,625	P395,755,000	P442,074,625
Accumulated depreciation			
Beginning balances	—	59,587,202	59,587,202
Depreciation	—	8,804,186	8,804,186
Ending balances	—	68,391,388	68,391,388
Net Book Values	P46,319,625	P327,363,612	P373,683,237

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to P22.0 million, P23.3 million and P25.1 million 2021, 2020 and 2019, respectively (see Note 24). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to P12.2 million, P11.3 million and P10.8 million in 2021, 2020 and 2019, respectively.

The assessed fair value of the investment properties excluding office spaces in Units 5-3 and 5-4 amounted to P1,688.5 million and P1,763.1 million as of December 31, 2021 and 2020, respectively. The fair values of the investment properties are based on valuations performed by an accredited independent valuer in March and April 2021. 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.

15. Other Noncurrent Assets

This account consists of:

	June, 2022	2021
Cash restricted for legal proceedings	0	P26,258,748
Refundable deposits	573,080	576,080
Others	2,281,306	2,281,306
	P2,854,386	P29,116,134

As at December 31, 2021 and 2020, cash amounting to P26.3 million has been restricted in relation to the Company's on-going legal proceeding.

16. Trade and Other Payables

This account consists of:

	June, 2022	2021
Deposits payable	P4,070,053	P3,802,551
Accounts payable	165,994	749,267
Accrued professional fees	724,089	1,262,650
Government payables	1,873,031	1,930,093
	P6,833,167	P7,744,561

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.

17. 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 statements of income, the remeasurement effects recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

	2021	2020
Balances at beginning of the year	P16,606,435	P18,344,610
Retirement expense recognized in the separate statement of income		
Current service cost	619,817	897,887
Interest cost	920,643	811,397
	1,540,460	1,709,284
Remeasurements recognized in OCI		
Actuarial losses (gains) due to:		
Experience adjustments	(2,237,387)	(3,734,360)
Changes in financial assumptions	(168,391)	286,901
	(2,405,778)	(3,447,459)
Balances at end of the year	P15,741,117	P16,606,435

Actuarial gains (losses) on retirement benefit obligation attributable to the equity holders of the Group amounted to P1.7 million and P2.3 million as of December 31, 2021 and 2020, respectively.

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2021	2020
Discount rate	4.30%	4.00%
Salary increase rate	5%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2021 and 2020, assuming if all other assumptions were held constant:

	Effect on Defined Benefit Obligation	
	2021	2020
Discount rate		
+100 basis points	(P211,726)	
+ 50 basis points		(P125,928)
- 100 basis points	248,469	
- 50 basis points		137,199
Salary increase rates		
+100 basis points	P181,607	
+ 50 basis points		P100,939
- 100 basis points	(149,586)	
- 50 basis points		(91,271)

The average duration of the retirement benefit obligation as at December 31, 2021 and 2020 is 6 years and 5 years, respectively.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2021	2020
More than 1 year to 5 years	P15,735,118	P16,766,032
More than 5 years to 10 years	693,854	777,059
More than 15 years to 20 years	5,522,599	5,926,493
	P21,951,571	P23,469,184

18. 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.

19. Income Taxes

On March 26, 2021, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act), was enacted into law. Among other provisions, the CREATE Act impacted the Group on the following:

- Effective July 1, 2020, the Group's effective corporate income tax was lowered to 25% from 30%. The Group can avail of the lower rate of 20% if its net taxable income is not more than P5 million and total assets not exceeding P100 million.
- Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax (MCIT) was lowered from 2% to 1%.

3. The imposition of 10% tax on improperly accumulated earnings was repealed.

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:

	2021	2020	2019
Statutory income tax	P20,439,697	P13,847,911	P13,123,005
Adjustments to income tax arising from:			
Non-deductible expenses	345,574	3,773,162	4,001,918
Non-taxable income	(2,250,579)	—	—
Dividend income exempt from tax	(23,001,634)	(3,210,047)	(320,582)
Equity in net losses (earnings) of associates	(4,853,230)	(9,621,314)	(1,603,222)
Tax rate difference on dividend income subjected to final tax	(127,007)	—	—
Tax rate difference on interest income subjected to final tax	(133,424)	(2,128,431)	(5,107,159)
Movements in unrecognized deferred tax assets	25,712,944	—	—
Effect of lower income tax rate	1,093,985	—	—
	P17,226,326	P2,661,281	P10,093,960

The Group's net deferred income taxes as of December 31, 2021 and 2020 are as follows:

2021	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains (losses) on financial assets at FVOCI	P5,958,628	(P725,852)	(P3,659,557)	P1,573,219
Unrealized foreign exchange gains	965,308	(6,032,537)	—	(5,067,229)
Retirement benefit obligation	5,050,959	(468,276)	30,017	4,612,700
Advance rental	53,438	(67,523)	—	(14,085)
NOLCO	2,975,727	(821,840)	—	2,153,887
MCIT	187,058	(54,034)	—	133,024
Unrealized valuation loss on financial assets at FVTPL	(8,764,879)	(7,597,204)	—	(16,362,083)
Allowance for expected credit losses on receivables, financial assets at FVOCI	7,613,930	(1,272,870)	—	6,341,060
	P14,040,169	(P17,030,146)	(P3,029,540)	P3,980,483
2020	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains (losses) on financial assets at FVOCI	P4,529,487	—	P1,420,141	P5,949,628
Unrealized foreign exchange gains	(2,898,673)	3,063,981	—	165,308
Retirement benefit obligation	5,572,412	512,706	(1,034,288)	5,050,830
Advance rental	152,533	(99,095)	—	53,438
NOLCO	14,063	2,961,664	—	2,975,727
MCIT	—	—	—	187,058
Unrealized valuation loss on financial assets at FVTPL	(4,463,955)	(4,300,024)	—	(8,763,979)
Allowance for expected credit losses on receivables, financial assets at FVOCI	7,613,930	—	—	7,613,930
	P10,519,797	P3,125,469	P394,903	P14,040,169

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:

	2021	2020
Allowance for impairment losses on due from related parties	P188,612,316	P188,559,944
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
	P288,442,445	P288,390,073

20. Equity

20.01 Common Stock

In accordance with 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 (number of shares and amounts) are as follows:

	2021	2020
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:

- 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 ₱1 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
First 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 ₱1 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 ₱1 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 ₱481,827,653 with additional paid-in capital of ₱144,759,977. There have been no movements since 2008.

The Parent Company has 480 stockholders as at December 31, 2021 and 2020.

20.02 Treasury Shares

The Group's treasury shares pertains to shares of the Group 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 statements of financial position.

In 2019, PIEI purchased 45,000 Class A shares of the Group with a total cost of ₱0.2 million. In 2020, PIEI purchased additional 36,000 Class A shares with a total cost of ₱0.1 million.

As of December 31, 2021 and 2020, the Group's treasury shares are as follows:

	2021		2020	
	Shares	Amount	Shares	Amount
Balances at beginning of year	98,123,387	P102,094,826	98,087,387	P101,969,326
Additions	—	—	36,000	125,500
	98,123,387	P102,094,826	98,123,387	P102,094,826

20.03 Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to P102.1 million as at December 31, 2021 and 2020, respectively. The balance of retained earnings includes the accumulated equity in net earnings of the subsidiaries and associates amounting to P1.2 billion and P1.2 billion as at December 31, 2021 and 2020, respectively. Such amounts are not available for distribution until such time that the Group 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 P 72.48 million and P50.69 million as at December 31, 2021 and 2020, respectively.

Following are the dividends declared and paid by the Parent Company in 2021, 2020, 2019:

	Declaration date	Record date	Payment date	Description	Per Share	Total
2021	September 17, 2021	October 1, 2021	October 27, 2021	Regular	P0.10	P48,182,765
2020	August 18, 2020	September 3, 2020	September 29, 2020	Regular	0.10	P48,182,765
2019	July 16, 2019	September 23, 2019	October 14, 2019	Regular	0.10	P48,182,765
	July 16, 2019	October 23, 2019	November 14, 2019	Regular	0.10	P48,182,765

21. 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" account, are as follows:

	Year	Amount of Transaction	Outstanding Balance	Terms	Conditions
Associates					
BPO					
Rental income	June 2022	P11,663,774	P 53,986	On demand; non-interest bearing	Unsecured; unimpaired
	2021	P1,412,410	—	On demand; non-interest bearing	Unsecured; unimpaired
Payroll service expenses	June 2022	31,275	—	On demand; non-interest bearing	Unsecured; unimpaired
	2021	63,682	—	On demand; non-interest bearing	Unsecured; unimpaired
Dividends	June 2022	—	—	On demand; non-interest bearing	Unsecured; unimpaired
	2021	—	1,749,987	On demand; non-interest bearing	Unsecured; unimpaired
PTC					
Dividends	June 2022	—	—	On demand; non-interest bearing	Unsecured; unimpaired
	2021	61,232,597	15,394,042	On demand; non-interest bearing	Unsecured; unimpaired
Other Related Parties					
Advances	June 2022	32,200	156,813	On demand; non-interest bearing	Unsecured; unimpaired
	2021	63,682	169,929	On demand; non-interest bearing	Unsecured; unimpaired
	June 2022		P210,799		
	2021		P17,313,958		

- 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 the same terms and conditions (see Notes 14 and 24).

The future minimum rental income from BPO as at December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	P1,477,146	P1,412,410
After one year but not more than 5 years	123,586	1,477,146
	P1,600,732	P2,889,556

- 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.

Movement of due from related parties, net of expected credit losses, are as follows:

	2021	2020
Due from related parties	P188,782,244	P189,135,876
Rent receivables	17,144,030	21,488,467
Allowance for impairment losses	(188,612,316)	(188,559,944)
	P17,313,958	P22,064,399

Allowance for impairment loss is mainly attributable to advances to MUDC, among others (see Note 11).

Compensation of the key management personnel is as follows:

	2021	2020
Salaries and wages	P8,493,141	P8,493,141
Other benefits	1,415,524	1,415,524
	P9,908,665	P9,908,665

Below are the balances and transactions among related parties which are eliminated in the consolidated financial statements as at December 31, 2021 and 2020.

Amounts Owed by	Amounts Owed to	2021	2020
MCHC	Parent Company	P25,183,005	P-

Dividends Declared by	Dividend Income of	2021	2020
Parent Company	PIEI	P5,029,011	P5,028,011
Parent Company	MCHC	4,784,402	4,784,402
MCHC	Parent Company	25,183,065	-

The transactions pertain to dividend declarations of the Group and MCHC in 2021 and 2020.

22. Earnings Per Share (EPS)

The following table presents information necessary to compute the basic/diluted EPS:

	2021	2020	2019
Net income attributable to equity holders of the parent (a)	P62,496,955	P43,024,955	P32,205,281
Weighted average number of ordinary shares outstanding for basic and diluted EPS (b)	379,732,827	383,721,537	383,959,910
Basic and diluted earnings per share (a/b)	P0.16	P0.11	P0.08

The Group has no potential dilutive instruments issued as of December 31, 2021, 2020 and 2019.

23. 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.

24. Commitments and Contingencies

The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to P4.62 million, P3.65 million and P4.86 million in 2021, 2020 and 2019, respectively (see Note 14). 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 P 6.4 million and 6.0 million as of December 31, 2021 and 2020, respectively, will be returned to the lessees after the lease term.

Future minimum rental income as at December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	P16,027,296	P15,590,690
After one year but not more than two years	563,586	11,782,300
	P16,590,882	P27,372,990

As at December 31, 2021 and 2020, 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 financial position and results of operations.

25. Capital Risk Management Objective and Policies

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 June 30, 2022 and December 31, 2021 are as follows:

	June, 2022	2021
Common stock	P481,827,653	P481,827,653
Additional paid in capital	144,759,977	144,759,977
Treasury shares	(102,094,826)	(102,094,826)
Retained earnings	1,199,801,062	1,214,760,272
	P1,724,293,866	P1,739,253,076

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2022

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.	59,156	10,700			5,200	5,000	59,656	69,856
Magellan Capital Corporation	63,857	200			200		63,857	64,057
Magellan Capital Trading Corporation	59,906	10,600			5,100	5,000	60,406	70,506
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	1,768,326	829,085	2,585,664				11,747	11,747
Pinamucan Power Corporation	46,073	10,700			5,200	5,000	46,573	56,773
Pointwest Technologies Corporation	15,394,042		15,394,042					0
Others	0							0
	17,391,360	861,285	17,979,706		15,700	15,000	242,239	272,939

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 July 16, 2019.
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	From 1981 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 _____ 2022, at City of _____.


PETER L. KAWSEK, JR.
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2022 at City of _____, affiant personally appeared before me and exhibited his Driver's License No. N15-79-022353 issued at LTO Quezon City on July 29, 2018.

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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 July 16, 2019.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Highland Tractor Parts, Inc.	Vice President	28 years
CKL Marketing & Dev't. Corp.	President	28 years
Skywell Holding Corporation	President	15 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 14 JUL 2022 2022, at City of Caloocan City.

Charlie K. Chua

CHARLIE K. CHUA

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 14 JUL 2022 2022 at City of _____, affiant personally appeared before me and exhibited his Passport No. P3217214B issued at DFA NCR Northeast on September 15, 2019.

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F & J Prince Holdings Corporation

Memorandum: CORPORATE ACTIONS TAKEN FOR 2021

DATE	ACTION TAKEN
June 16, 2021 (Regular Board Meeting)	<p>a) 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 is hereby, confirmed and ratified.”</p> <p>b) 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.”</p> <p>c) 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.”</p> <p>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.”</p>

DIRECTORY/BANKERS

EXECUTIVE OFFICES:

5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City 1226
Tel. Nos.: 8892-7133 • 88927137
8892-9443

LEGAL COUNSEL:

ATTY. FINA BERNADETTE D.C. TANTUICO
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

AUDITORS:

MENDOZA QUERIDO & Co.
16th Floor, The Salcedo Towers
H.V. Dela Costa St., Salcedo Village
Makati City 1227

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.
6th Floor, PSE Tower, 5th Avenue cor. 28th St.
Bonifacio Global City, Taguig

BANKERS:

BANK OF SINGAPORE

34th Floor, Ayala Triangle Gardens
Tower Two, Paseo de Roxas, 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

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 C. TANTUICO

Corporate Secretary

F&I Prince Holdings Corporation

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