COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	2								

COMPANY NAME

A. SORIANO CORPORATION AND SUBSIDIARIES

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@anscor.ph	8819-0251	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,074	April 15	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	nancie.villaflor@anscor.com.ph	8819-0251	N/A

CONTACT PERSON's ADDRESS

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, 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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2020**

2. SEC Identification Number **PW – 02** 3. BIR Tax Identification No. **000-103-216-000**

4. Exact name of issuer as specified in its charter **A. SORIANO CORPORATION**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
   Industry Classification Code:

7. **7/F Pacific Star Building, Makati Ave., cor Gil Puyat Avenue, Makati City** **1209**
   Address of principal office Postal Code

8. **(632) 8819-0251 to 60**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock, ₱1 par value	**2,500,000,000**
Long-term commercial paper	**none**

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [X] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange **Common stock, ₱1 par value**

12. Check whether the issuer:

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

    Yes [X] No [ ]

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

Yes [X]   No [ ]

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

Aggregate market value as February 28, 2021 - ₱ 7,681,577,666

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

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

NOT APPLICABLE

Yes [ ]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders;

Portion of the Company's 2020 Annual Report to Stockholders is incorporated by reference into Part II of this report.

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

Definitive Information Statement filed pursuant to SRC Rule 20.

(c) Any prospectus filed pursuant to SRC Rule 8.1.

Not applicable

A. SORIANO CORPORATION
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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Soriano Corporation ("Anscor" or the Company) was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments. Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has an investment in a company engaged in steel modular engineering, construction, LNG and gas distribution. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, business process outsourcing and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments, mainly the trading gain on marketable securities and bonds.

Growing the businesses is vital to Anscor's long-term success. The Company keeps a tight watch on the existing portfolio of businesses and new opportunities as they emerge.

As of 31st December 2020, the Company's consolidated total assets stood at P21.6 billion. For the year ended 31st December 2020, consolidated revenues of the Company amounted to P7.6 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries and associates as of December 31, 2020:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Ltd.	100%	Manpower Services	British Virgin Island
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	USA
Prople Limited	32%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	32%	Business Processing & Outsourcing	Philippines
AG&P International Holdings, Pte Ltd.	21%	Modular Steel Engineering / LNG Construction	Singapore

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Company	Ownership	Business	Jurisdiction
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
AFC Agribusiness Corporation	81%	Real Estate Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Summerside Corporation	40%	Holding Company	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines
Fremont Holdings, Inc.	26%	Real Estate Holding	Philippines
BehaviorMatrix, LLC	21%	Behavior Analytics Services	USA
ATRAM Investment Management Partners Corp.	20%	Asset Management	Philippines
KSA Realty Corporation	14%	Realty	Philippines

Investments

Phelps Dodge Philippines Energy Products Corporation (PDP Energy)

PDP Energy is the leading domestic integrated manufacturer of quality wires and cables.

Phelps Dodge International Philippines, Inc. (PDIPI), the parent company of PDP Energy, was incorporated in 1955 and commenced production in 1957. Its product line is composed principally of copper-based wires and cables including building wires, telecommunication cables, power cables, automotive wires and magnet wires. The Company's 100%-owned by Anscor. PDP Energy has a management contract with Anscor covering marketing, administration and finance. The management contract provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fee (VAT exclusive). The strategy of PDP Energy is

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to focus on the production of higher value-added wire and cable products. All the manufacturing operation of PDIPI effective September 1998, was lodged under PDP Energy.

On December 19, 2014, PDP Energy entered into a technical assistance and support agreement with GCC. The agreement provides that GCC shall make available to PDP Energy technical assistance and support services which include, among others the availability of technical and qualified resource persons with expertise in materials, technologies and manufacturing processes to be made available to PDP Energy through periodic consultation meetings with PDP Energy personnel and technical visits to PDP Energy.

On December 19, 2014, PDIPI entered into a trademark licensing agreement with General Cable Technologies Corporation (GC) wherein GC will grant a perpetual and exclusive license to PDIPI to use the Phelps Dodge trademark in the manufacture and sale of wires and cables in the Philippines. On the same date, PDP Energy entered into a distributor and representative agreement with General Cable Industries Inc. (GC) which provides, among others, the exclusive distributor, reseller and representative for the sale of GC products to customers within the Philippines.

On December 22, 2014, Anscor acquired, for ₱3.0 billion, GCC's 60% stake in PDIPI, increasing Anscor's ownership to 100%.

PDP Energy's clients include telecommunication companies, contractors, building developers, power companies, government corporations and other industrial companies.

At present, PDP Energy's major supplier of copper rods are Merchandise Trading, Taihan, Furukawa and CL Metal; suppliers of Aluminium are TFO Networks and Phelps Dodge Thailand; supplier of chemicals is Electro Marketing.

The Philippine wire and cable industry is comprised of both imported and domestically manufactured products. The leading four manufacturers in terms of sales are Phelps Dodge, American Wire and Cable Co., Inc., Columbia Wire and Cable Corp. and Philflex Cable Corp.

The principal products and percentage of contribution to sales are as follows:

Product Line	2020
Building wires	75%
Communication/Special	4%
Power Cables	14%
Autowires	4%
Others	3%

New products – fire rated cables, medium voltage cables, aluminum building wires and all aluminum alloys conductors – have been developed and introduced to domestic and export markets.

Pursuing its customer service, manufacturing process and cost reduction programs, the company secured ISO 9001/14001/18001 certification for Quality, Environment, and Health and Safety for PDEIC from Certification International (UK). PDP Energy also continued promoting new products and solutions, notably special cables for export, medium and high voltage cables up to 230 KV, low smoke halogen-free cables, and aluminum cables. It leveraged its medium voltage (MV)

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cable manufacturing facility to offer shorter delivery time of MV 35 KV cables to power utilities, and widened sales coverage to new provincial dealers and customers. t also advanced consumer education and safety awareness through the Philippine Electrical Wires Manufacturers Association's campaign against counterfeit wires.

PDP's focus on new products and new services, and its emphasis on quality and service were vital in growing its sales to developers and contractors, and to general consumers, particularly in the provinces. The company's philosophy of a working partnership with its customers secured new dealers.

The persistent momentum in profitable performance validates PDP's long-term strategy of building a wide array of services and products to serve customers. It also enables PDP to deploy capital to its manufacturing facilities, expand the company's product range and meet its delivery commitments. Internally, PDP continues to focus on its development program for key personnel.

Seven Seas Resorts and Leisure, Inc. (SSRLI; owner of Amanpulo Resort)

Seven Seas Resorts and Leisure, Inc. was incorporated on August 28, 1990 for the primary purpose of planning, developing, operating and promoting Pamalican Island as a world class resort named Amanpulo. The Resort started commercial operations on January 1, 1994.

SSRLI owns a 40-room resort in Pamalican Island, Cuyo Palawan and operates 18 luxurious villas, mostly each villa comprising four (4) rooms. Seven Seas is a joint venture among Anscor, Palawan Holdings, Inc. and Les Folatieres Holdings. As of December 31, 2020, the resort manages a total of 62 villa rooms available for rent under management agreement executed by Pamalican Resort Inc. (PRI) and the villa owners.

As a resort operator, principal products/services offered are as follows:

Products/Services	Markets	Contribution to revenues
Rooms	Local & international	46.1%
Food and Beverage	-do-	27.4%
Others	-do-	26.5%

The resort's services are offered through the worldwide Aman marketing group based in Singapore, accredited travel agents, reservation sources/systems and direct selling.

Amanpulo is in competition with all other small 5 star resort companies in other destinations that are generally better known than the Philippines, such as Indonesia, Thailand and Malaysia.

On July 1, 2011, SSRLI transferred in the name of PRI all resort operation-related contracts entered into with related parties and with third parties, including its long-term loans with a bank.

On October 3, 2012, PRI entered into operating lease agreement with SSRLI covering all rights and interests in resort-related assets which include land, land improvements and building for a period beginning July 1, 2011.

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Seven Seas entered into several agreements with Silverlink Group of Companies for the development, operation and promotion of Amanpulo. The term of the agreement is for 5 years, subject to renewal upon mutual agreement of both parties. The original contract expired in December 1998, renewed last December 2003 and December 2008. The last five years of the first 20-year agreements expired on June 23, 2013. These agreements are as follows: (1) Operating and Management Agreement, (2) Marketing Services Contract and (3) License Contract (4) Hotel Reservation Agreement.

On June 24, 2013, PRI and Amanresorts Management, B.V. (AMBV, the operator of Amanresorts) entered into a new Operating and Management Agreement (OMA), effective on the same date, in which PRI will pay a basic fee amounting to four percent (4%) of gross revenue and an incentive fee of ten percent (10%) based on the gross operating profit collectively known as "Management Fee". In addition to the management fees discussed, the Company shall also reimburse the AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

On June 24, 2013, the parties entered into a new marketing services agreement with the same terms and conditions except for a lower marketing fee rate which decreased from three percent (3%) to one percent (1%) of gross revenue.

As of December 31, 2013, all contracts with related parties that are related to resort operations were transferred to PRI except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is non-transferrable.

In 2014, SSRLI completed paving the runway and the construction of seawall on the eastern side of the island; plugging the east reef hole; and expanding the laundry and housekeeping stations. The Company also extended and completely renovated the kitchen of the beach club.

The Resort completed the renovation of the beach club in 2015.

Capital improvements have focused on enhancing the cost structure and environment preservation. A new desalination plant is operating and all golf carts are solar-powered.

Several programs were initiated to address the Resort's various constituents. To avoid further beach erosion, ₱17.0 million was spent to plug holes in the reef on the eastern side of the island. The organic farm was expanded to support the Food & Beverage department's farm-to-table initiative. A new power generating unit became fully operational in September 2017 and will help lower energy expenses in the years to come and staff facilities were enhanced.

In 2018, the very first Kite and Surf Centre in the Aman Group began operations, adding a new source of revenue and guest experience, in addition to kayaking and stand up paddle boarding. Restoring ecosystem balance continues to be given a priority as witnessed by the building of seawalls to control beach erosion, the propagation of coral reefs and protecting the water from venomous crown-of-thorns starfish.

In November 2019, the newly renovated Beachclub, housing one of Amanpulo's signature restaurants, was launched. The Beachclub kitchen was completely replaced and expanded.

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Amanpulo also received numerous international citations. The Resort is among the "Top 10 Best Hotels and Resorts in the Philippines" in the DestinAsian Readers Choice Awards. Destination Deluxe handpicked Amanpulo as a finalist for "Private Island of the Year," while the Gallivanter's Guide UK named Amanpulo as "Best Ever Resort Hotel Worldwide."

Amanpulo has earned top spots as the "World's Leading Dive Resort," "Asia's Leading Private Island Resort," the "Philippines' Leading Luxury Hotel Villa" and the "Philippines' Leading Private Island Resort" in the World Travel Awards 2020. The Amanpulo Spa was named as the "Philippines' Best Resort Spa" for 2020 by the World's Spa Awards.

In December 2020, Amanpulo's filtration and bottling plant began producing its own branded drinkingwater. Succeeding phases aim to meet all of the island's drinking water needs and eliminate the use of water in plastic bottles to reduce Amanpulo's carbon footprint.

ATRAM Investment Management Partners Corporation (ATRAM)

ATRAM focuses on asset and wealth management and financial technology. In 2017, Anscor increased its stake in ATRAM from 10% to 20%.

ATRAM expanded with new mandates and business partners and maintained its journey of constant improvement and innovation. In the Unit Investment Trust Funds area, the ATRAM Global Technology Feeder Fund was launched. ATRAM was also first to offer unit-paying funds to the market.

ATRAM's digital transformation initiatives over the past years enabled the firm to adapt quickly to the new virtual environment. With a successful work-from-home implementation, ATRAM was able to operate at full capacity throughout the year and service its clients with relative ease throughout the lockdowns.

Seedbox, ATRAM's digital wealth technology platform for retail clients, expanded its user base to over one million users. ATRAM and Seedbox jointly collaborated with the Bangko Sentral ng Pilipinas (BSP) to digitally relaunch the Personal Equity Retirement Account (PERA) program, the voluntary pension pillar for Filipinos, that aims to reach five million investors over five years.

As a testament to ATRAM's consistent excellent performance, the Group received a number of awards and recognitions. Asian Investor awarded ATRAM as the "Best Local Fund House in the Philippines" for 2020, its third award of this kind in the last six years. The Asset, another regional publication, recognized ATRAM as the "Top Investment House in the Philippines" for the Local Bond category while the Chartered Financial Analyst Society Philippines cited ATRAM's Total Return Dollar Bond Fund as the "Best Managed Bond Fund" of 2020.

With renewed focus and optimism, ATRAM aims to accelerate growth built on new sources of revenues, digitally enabled channels, and a relentless focus on delivering quality products.

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KSA Realty Corporation (KSA)

KSA was registered with the SEC on August 3, 1990. Anscor exchanged its old building located at Paseo de Roxas, Makati in 1990 for an 11.42 percent stake in KSA Realty Corporation, which developed The Enterprise Center (TEC), a two tower, grade A office building located at the corner of Ayala Avenue and Paseo de Roxas in Makati. The Enterprise Center starting January 1999 was offered for office space rental. TEC is registered with PEZA as an information technology building.

In July 2009, following the Securities and Exchange Commission's approval of a decrease in its authorized capital stock, KSA retired 2.4 million preferred shares.

In 2017, TEC underwent a ₱450.0 million upgrade. Due to the high demand for office spaces, KSA increased its leasable space by 2,000 square meters by converting part of the food court into office spaces and acquiring one floor from a previous owner.

Despite new office spaces opening up in the Makati Central Business District and the nearby Bonifacio Global City, KSA continues to enjoy positive occupancy and rental rates.

TEC strategic location in the Makati Business District and prime building facilities, continued to be an advantage.

AGP International Holdings Pte Ltd. (AG&P)

Anscor made new investment in December 2011, placing $5.0 million in AG&P, Southeast Asia's leading modular fabricator of refinery and petrochemical plants, power plants, liquefied natural gas facilities, mining processing, offshore platforms, and other infrastructure.

On June 29, 2013, Anscor through its wholly-owned subsidiary signed a definitive agreement with AG&P for the subscription to 83.9 million series C, voting preferred shares in AG&P. Series B and Series C preferred shares are convertible at the option of the holder, into class A common shares. The subscription increases Anscor's holdings to 27%.

AG&P has 110 years of experience serving clients like British Petroleum, Shell, Total and leading engineering procurement construction companies in the world's key energy and mining regions. Its prowess in modular engineering and construction has earned it a respected brand name and track record in multiple large-scale and long-term projects. It possesses ISO 9001:2008 certification, OSHAS 18001:2007 2012 and a safety record of 16 million man-hours without lost time. Its in-house training facility can turn out 1,000 skilled workers annually, whose strength is high productivity in a low-cost environment.

In October 2012, AG&P won a US$152 million contract to modularize 26 local electrical rooms (LER) and local instrumentation rooms (LIR) that will be the electrical backbone of a consortium project to provide liquid natural gas from Australia to Japan and other countries.

AG&P had its first major win in the Philippine power space in the last two decades and was awarded the site erection work for the boiler, the most critical package of the Masinloc power plant expansion. This emphasizes its re-emergence as an important contractor in the domestic market. Other project awards for AG&P were a signed contract with Fluor for the first package of

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the Tesoro Refinery Upgrade in Washington State, USA, and the structural steel fabrication for Lycopodium Minerals.

AG&P also acquired a stake in Gas Entec, giving the company a strong Liquefied Natural Gas (LNG) design capability and full Engineering, Procurement and Construction (EPC) credentials across the LNG supply chain, including case studies. AG&P also entered into a joint venture with Risco Energy to develop the LNG supply chain across Indonesia.

Old equipment in its Bauan Yard were replaced with state-of-the-art automated manufacturing systems, increasing theoretical module assembly to 125,000 tons per year.

2018 was a transition year for AG&P as it became a fully integrated gas logistics and construction business.

The company secured majority control of Gas Entec, the Korean Liquefied Natural Gas (LNG) engineering firm recognized as the world-standard for small scale floating LNG solutions.

It also acquired a significant minority stake in the Norwegian shipping company, Kanfer Shipping AS, which provides proprietary solutions to bring LNG in small vessels across seas and shallow waters. This, along with Gas Entec, add to the company's capability to deliver LNG to markets where traditional solutions are not viable.

AG&P had another challenging year in 2020.

Its construction and engineering operations were forced to curtail activity due to the Philippine government-mandated quarantine. Lockdowns in India halted the development of its liquefied natural gas (LNG) terminal and its distribution operations. It was also hampered by a lack of liquidity, as efforts to raise new equity fell behind schedule. Its difficulties notwithstanding, AG&P has broken ground on its first LNG terminal in India and has begun rolling out compressed natural gas stations across India, where it has exclusive concessions to distribute natural gas to over 66 million people.

Macquarie ASEAN Technology Investments Holdings II LP (Macquarie)

In 2018, Anscor invested US$5.0 million in Macquarie, a special purpose vehicle that invested exclusively in shares of Grab Holdings, Inc. Grab is the leading on-demand transportation and food delivery provider in Southeast Asia with leading market share in seven countries, including the Philippines.

Y-mAbs Therapeutics, Inc.(Y-mAbs)

Anscor began investing in Y-mAbs Therapeutics, Inc. in 2015 and it was listed on the NASDAQ (Ticker: YMAB) in September 2018. Y-mAbs is a clinical-stage biopharmaceutical company focused on the development and commercialization of novel, antibody-based therapeutic products to treat cancer.

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Y-mAbs has a broad and advanced product pipeline, including two pivotal-stage product candidates, naxitamab and omburtamab. Naxitamab received its first approval from the US Food and Drug Administration in November 2020.

Navegar II LP

Anscor has committed US$10.0 million in Navegar II LP, a Philippine-focused private equity fund, which began deploying funds in early 2020. Investments are focused on the e-commerce and business process outsourcing (BPO) sectors.

Sierra Madre Philippines I LP

The Company has also made a total investment in Sierra Madre Philippines I LP, a Philippine based private equity fund, of US$3.3 million out of a US$9.0 million commitment. The Fund has Invested in the logistics, semiconductor services, education and BPO sectors.

Madaket, Inc. (Madaket)

Anscor invested S$1.0 million in Madaket. Madaket is an innovative software service platform that automates healthcare provider data management processes. The average US healthcare provider works with 25 insurance companies. Before receiving payment, each insurer requires a unique set of enrollment forms, procedures and data to be submitted, even for common provider-payer transactions. Madaket automates the enrollment process and ensures that the right information is sent to each applicable payer, resulting in less documentation and faster payment. It has 1.2 million providers under contract for Electronic Data Interchange Enrollment.

Element Data, Inc. (Element Data)

Anscor invested US$2.5 million in Element Data, a Seattle, Washington-based Artificial Intelligence Company. Its decision intelligence platform incorporates a deep learning knowledge-graph with an active sense-and-response architecture, powering a decision intelligence engine that understands complex interdependencies between data and people.

In October 2017, Element Data acquired all of the intellectual property of another Anscor portfolio holding, Behavior Matrix, a US-based data analytics firm focused on analyzing consumer emotions.

Sutton Place Holdings, Inc. (Sutton)

Sutton was registered with the SEC on May 22, 1997, primarily to purchase, subscribe for or otherwise acquire and own, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description.

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Prople Limited

On November 22, 2013, Prople Limited acquired 100% of the non-audit business of US-based Kellogg and Andelson Accountancy Corporation (K&A). Founded in 1939, K&A is a well-established accounting firm that provides tax, general accounting and consulting services to thousands of small-to-medium-sized companies in California and the Midwest. It operates out of five locations in Los Angeles, Woodland Hills, San Diego, Kansas City and Chennai (India).
In 2015, Prople Limited faced multiple challenges related to the 2013 acquisition of Kellogg & Andelson.

The US operation of Prople Limited was closed and the Board of Directors approved on October 20, 2016 the filing for bankruptcy under Chapter 11 - liquidation for E&A Global Management Co.

DirectWithHotels, Inc. (DirectWithHotels)

Anscor International, Inc. owned 15% of the shares of DirectWithHotels. DirectWithHotels is engaged in online reservations for hotels, and specializes in launching, marketing and maximizing the performance of partner hotels' websites. Its target market is small and medium-sized chains and independent hotels in Asia Pacific, Africa, North America and Latin America.

A. Soriano Air Corporation (ASAC)

ASAC was incorporated on March 28, 1985 to engage in the general business of a common and/or private carrier. Effective January 1, 1995, ASAC ceased its operations and transferred its license as operator of a common and/or private carrier to Island Aviation, Inc. (IAI), formerly A. Soriano Aviation Inc. (ASAI).

In May 2003, ASAC took over the hangar lease and the ground handling and avionics-related services that were previously performed by ASAI. Subsequently, ASAC resumed its commercial operations.

As of December 31, 2020, ASAC's operation is purely sublease of the hangar premises.

Pamalican Island Holdings, Inc. (PIHI)

PIHI was registered with the Securities and Exchange Commission on May 18, 1995 and has started commercial operations on June 2, 1995. Its primary purpose is to acquire, purchase, sell or dispose of airplanes, flying machines, or freight, or as common carriers on regularly established routes; to maintain a service station for the repair, overhauling and testing of said machines and dirigible balloons of any and all types whatsoever; to deal in parts and supplies for said machines; and, to carry for hire passengers, and to maintain supply depots for airplane and flying machines service generally.

On January 20, 1999, PIHI temporarily stopped its air charter operation and subsequently changed the nature of its business to holding company.

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On June 8, 2001, the SEC approved the amended articles of incorporation of PIHI. Amendments to the First Article to change the name from Island Aviation, Inc. to Pamalican Island Holdings, Inc. and the Second Article to change the primary purpose of the Corporation – to acquire by purchase, lease, donation or otherwise, and to own, use, sell, mortgage, exchange, lease and hold for investment or otherwise, properties of all kinds, and improve, manage or otherwise dispose of buildings and houses, apartments, and other structures of whatever kind together with their appurtenances.

It owns 100% of Island Aviation, Inc.

Island Aviation, Inc. (IAI; formerly A. Soriano Aviation, Inc., ASAI)

IAI is PIHI's wholly owned charter airline operation registered with the SEC on January 7, 1987. In May 2003, ASAI was renamed IAI, it resumed its air service operations while other activities such as aircraft hangarage, ground handling and avionics-related services were transferred to ASAC.

IAI is now the exclusive air service provider of PRI/Amanpulo Resort and operates three (3) Dornier planes both for charter to Amanpulo and third parties.

Anscor Consolidated Corporation (Anscorcon)

Anscorcon was registered with the SEC on April 8, 1995 primarily to invest the Anscorcon's fund in other corporations or businesses and to enter into, make, perform and carry out contracts of every kind and for any lawful purpose pertaining to the business of Anscorcon, or any manner incident thereto, as principal agent or otherwise, with any person, firm, association or corporation.

Anscorcon used to hold the Anscor Group stake in ICTSI which was sold last May 2006. It now owns 1,272,429,761 shares of Anscor as of December 31, 2020.

Anscor Holdings, Inc. (AHI)

AHI is a wholly owned subsidiary of Anscor. AHI, formerly Goldenhall Corporation, was registered with the SEC on July 30, 2012 primarily to engage in the management and development of real estate.

AHI is the landbanking company of the Group for properties in Cebu and Palawan.

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Other Information

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development

- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer

- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.
- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

Employees

The Company and the Group as of December 31, 2020, has 24 and 699 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	12	169	181
Rank and file	12	506	518
TOTAL	**24**	**675**	**699**

- The Company and the Group were not subjected to any employees' strike in the past three years nor were there any threatening strike for the ensuing year.

- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).

- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

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Item 2. Properties

Anscor owns and maintains its office at 7/F, Pacific Star Building in Makati City with approximately 2,000 square meters. Also, the Company owns office unit A and D, 8th Floor, at 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City.

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectares property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.

- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. 62 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2020.

- AHI has interests in land covering an area of approximately 111.39 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 36.9 hectares in Cebu. Also, AHI owns 1.27 hectare properties in Puerto Princesa.

- AFC Agribusiness has 97.4 hectares of land in Guimaras.

<u>Other Information</u>

a) The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.
b) There were no commitments for major capital expenditures or acquisitions of properties in the next twelve (12) months.

Item 3. Legal Proceedings

There are no material pending Legal Proceedings to which Anscor or any of its subsidiaries or affiliates is a party except:

a) ASAC is a defendant in labor lawsuits and claims. As at December 31, 2019, management has provisions for losses amounting to P5.7 million that may be incurred from these lawsuits. In 2020, ASAC reversed the provisions in full as management assessed that the claim is no longer probable due to the prescription of the period from which the complainants may file an independent action to re-open the labor lawsuits. The 10-year prescriptive period ended on April 20, 2020.

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b) Some subsidiaries of the Group have claims, commitments, litigations and contingent liabilities that arise in their normal course of their operations which are not reflected in the consolidated financial statements. Management is of the opinion that as at December 31, 2020 and 2019, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

Except for the matter discussed above, the Company does not believe such litigation will have a significant impact on the financial results, operations or prospects of the Company or the Group.

For the last five years and as of February 28, 2021, management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

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

There were no items/matters submitted during the fourth quarter of 2020 to a vote of security holders through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

PRINCIPAL MARKET - Philippine Stock Exchange

Latest Market Price – February 28, 2021

Previous Close –	₱ 7.35
High	7.40
Low	7.35
Close	7.35

The following are the high and low sales prices of the shares of the Company for each quarter within the last two fiscal years:

2020	**High**	**Low**
First Quarter	6.71	5.70
Second Quarter	6.26	5.90
Third Quarter	7.95	6.00
Fourth Quarter	8.50	6.20

2019	High	Low
First Quarter	6.88	6.26
Second Quarter	6.87	6.35
Third Quarter	7.13	6.55
Fourth Quarter	6.97	6.31

Source: Monthly PSE Report

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Shareholdings Information

The total number of stockholders/accounts as of February 28, 2021 is 11,073 holding 2,500,000,000 shares of common stock.

The top 20 stockholders as of February 28, 2021 based on Stock Transfer Service, Inc. report is broken down as follows:

Stockholder Name	Number of Common Shares	% of Ownership
1. Anscor Consolidated Corporation	1,272,329,761*	50.893
2. PCD Nominee Corp. (Non-Filipino)	496,050,904	19.842
3. A-Z Asia Limited Philippines, Inc.	161,546,329	6.462
4. PCD Nominee Corp. (Filipino)	112,523,602	4.501
5. Universal Robina Corporation	64,605,739	2.584
6. A. Soriano Corporation Retirement Plan	63,694,835	2.548
7. Philippines International Life Insurance Co., Inc.	57,921,593	2.317
8. C & E Property Holdings, Inc.	28,011,922	1.120
9. Edmen Property Holdings, Inc.	27,511,925	1.100
10. MCMS Property Holdings, Inc.	26,513,928	1.061
11. Express Holdings, Inc.	23,210,457	0.928
12. EJS Holdings, Inc.	15,518,782	0.621
13. DAO Investment & Management Corp.	8,628,406	0.345
14. Philippine Remnants Co., Inc.	7,556,183	0.302
15. Balangingi Shipping Corporation	2,767,187	0.111
16. Leonardo Siguion Reyna	2,625,000	0.105
17. Lennie C. Lee	2,000,000	0.080
18. Jocelyn C. Lee	2,000,000	0.080
19. Jose C. Lee	1,798,000	0.072
20. F. Yap Securities, Inc.	1,361,011	0.054
Total	**2,378,175,564**	**95.127**

* *Included 122,287,251 shares of Anscor Consolidated Corporation.*

The above shareholdings do not materially affect the holdings of the 5% beneficial owners, each director and nominee and all the directors and officers as a group.

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Dividends

In 2020 and the first quarter of 2021, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	P 0.25	16-Mar-2020	31-Mar-2020	27-Apr-2020
Special	P 0.50	16-Mar-2020	31-Mar-2020	27-Apr-2020
Regular	P0.50	18-Feb-2021	17-Mar-2021	14-Apr-2021

In 2019, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	P 0.20	21-Feb-2019	15-Mar-2019	10-Apr-2019
Special	P 0.05	21-Feb-2019	15-Mar-2019	10-Apr-2019
Special	P 0.25	19-Nov-2019	04-Dec-2019	12-Dec-2019

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of December 31, 2020, the Company has sufficient retained earnings available for dividend declaration.

Shares in the undistributed retained earnings of subsidiaries amounting to ₱3.7 billion and ₱3.2 billion as at December 31, 2020 and 2019, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Recent Sale of Unregistered Securities

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

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

Consolidated Financial Information
(In Million Pesos Except Per Share Data)

	2020	2019	2018	2017	2016
Net Income Attributable to Equity Holders of the Parent	**165.6**	1,843.6	808.4	2,547.5	2,682.6
Equity Attributable to Equity Holders of the Parent	**18,695.6**	19,943.1	18,575.9	18,332.5	16,189.3
Weighted Average Number of Shares Outstanding	**1,242.0**	1,208.0	1,215.5	1,224.2	1,232.7
Earnings Per Share*	**0.13**	1.53	0.67	2.08	2.18
Book Value Per Share**	**15.23**	15.95	15.33	15.06	13.13

	2020	2019	2018	2017	2016
Revenues and Net Investment Gains	**6,883.7**	10,695.4	9,781.0	10,584.6	9,883.8
Total Assets	**21,602.3**	23,112.4	22,290.0	22,346.2	21,482.1
Investment Portfolio	**12,251.4**	14,289.3	13,253.7	13,339.1	13,144.9

* *Ratio of net income attributable to equity holders of the Parent to weighted average number of shares outstanding during the year.*
** *Ratio of equity attributable to equity holders of the Parent to outstanding number of shares as of end-December.*

Below are the key performance indicators of the Company:

Over the last three years, consolidated revenues and net income from operations are as follows (in thousand pesos except earnings per share):

	Years Ended December 31		
	2020	2019	2018
REVENUES			
Sale of goods - net	₱ **6,448,196**	₱ 8,208,375	₱ 8,292,509
Services	**767,570**	1,342,390	1,314,705
Dividend income	**259,109**	373,587	301,778
Interest income	**82,204**	124,478	109,516
	7,557,079	10,048,830	10,018,508
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments	**(76,521)**	1,151,784	33,493
Gain (loss) on sale of FVOCI investments	**1,150**	11,860	(2,701)
Loss on disposal of a subsidiary	**-**	-	(6,111)
	(75,371)	1,163,644	24,681
EQUITY IN NET LOSSES AND IMPAIRMENT LOSS	**(598,006)**	(517,090)	(262,184)
TOTAL	**6,883,702**	10,695,384	9,781,005
INCOME BEFORE INCOME TAX	**460,045**	2,367,750	1,252,042
PROVISION FOR INCOME TAX	**291,320**	429,374	347,219
NET INCOME	**168,725**	1,938,376	904,823
OTHER COMPREHENSIVE INCOME (LOSS)	**(189,753)**	(101,982)	49,503
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱ **21,028)**	₱ 1,836,394	₱ 954,326
Net Income Attributable to:			
Equity holders of the Parent	₱ **165,647**	₱ 1,843,615	₱ 808,387
Noncontrolling interests	**3,078**	94,761	96,436
	₱ **168,725**	₱ 1,938,376	₱ 904,823
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	(₱ **24,106)**	₱ 1,741,633	₱ 857,889
Noncontrolling interests	**3,078**	94,761	96,437
	(21,028)	₱ 1,836,394	₱ 954,326
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	₱ **0.13**	₱ 1.53	₱ 0.67
Basic/diluted, for total comprehensive income attributable to equity holders of the Parent	(₱ **0.02)**	₱ 1.44	₱ 0.71

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Component of financial soundness and indicators of the Group are shown in Annex C of this report.

The Key Financial Indicators of our Major Subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos

	12/31/2020	12/31/2019	12/31/2018
1. Net sales	**6,448**	8,208	8,293
2. Gross profit	**1,366**	1,546	1,231
3. Net income	**692**	804	636

Seven Seas Group

In Million Pesos

	12/31/2020	12/31/2019	12/31/2018
1. Occupancy rate	**36.9%**	54.2%	58.8%
2. Hotel revenue	**646.3**	1,140.9	1,100.8
3. Gross operating profit (GOP)	**205.2**	537.3	509.8
4. GOP ratio	**31.7%**	47.1%	46.3%
5. Resort net income	**(13.3)**	223.6	225.4
3. Villa development/lease net income	**13.9**	12.5	9.9
4. Consolidated net income	**0.6**	236.1	235.3

Occupancy rate is based on actual room nights sold over room nights on a 12-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

Financial Performance Year 2020

For 2020, Anscor reported a net income of P165.6 million, as compared to a net income of P1.8 billion in 2019.

With the contraction of the Philippine economy, the Philippine Stock Exchange (PSE) Index fell by 8.6% and Anscor's domestic investment portfolio generated a loss of P784.0 million. The loss, however, was offset by a gain of P637.5 million from the investment in Y-mAbs Therapeutics, Inc., a clinical stage biotechnology company, listed on the NASDAQ in the United States, and by gains in the value of the investments in foreign and local bonds. As a consequence of this diversification, the overall financial portfolio ended 2020 with a modest loss.

Despite the challenges brought about by the pandemic, Phelps Dodge Philippines Energy Products Corporation (PDP) generated a very creditable net profit and Amanpulo broke even; unfortunately, these positive results were offset by another year of deep losses at AGP

International Holdings PTE Ltd. (AG&P). Given AG&P's history of disappointing financial performance, Anscor decided to write down the carrying cost of our 21.4% investment in AG&P to zero, so as not to impact Anscor's future financial results. Notwithstanding this setback, Anscor's balance sheet remains strong.

Given the strong financial position and ample liquidity, Anscor declared a cash dividend of P0.75 per share in March 2020, from results achieved in 2019.

For 2020, Anscor's book value per share decreased from P15.95 to P15.23.

Investments – Group Operations

Phelps Dodge International Philippines, Inc. (PDP, a wholly-owned subsidiary of Anscor)

PDP's strength of character, culture and most of all, its dedicated employees enabled the company to weather two months of closure and still produce very solid results. Its strong balance sheet enabled the company to extend credit terms to its distributors and provide assistance during these trying times.

As the pandemic took hold, PDP focused on assisting its employees by providing subsidies, loans and the advance payment of the 13th month pay, particularly during the two-month shutdown.

Most importantly, health protocols were immediately established and enforced to ensure the safety and well-being of the company's workforce. For the full-time employees, work-from-home rules were implemented quickly, including providing the necessary equipment and Wi-Fi connections. A shuttle service, meant to minimize exposure of employee-commuters to the virus, was provided for those who needed to be physically present at PDP's offices and factory.

PDP employees were exemplary in protecting the company's assets and in assisting their customers with conference calls and sharing best practices.

As soon as the quarantine was lifted in Tarlac, PDP promptly resumed normal operations, achieved production targets, made deliveries, and arranged flexible payments for customers affected by the stoppage of their projects.

The company was able to assist its stakeholders by donating building wires and food packages to the local government of Tarlac. PDP also helped the Small Island Program of the Andres Soriano Foundation and donated food packages and hygiene kits to flood victims in Northern and Southern Luzon.

For 2020, PDP registered total revenue of P6.5 billion and a net income of P692.0 million. Volumes sold fell by 20% vis-a-vis 2019 and net income declined 14%. A favorable exchange rate, strong copper prices and prudent cost management helped maintain healthy margins.

The company paid Anscor a management fee of P87.4 million and a cash dividend of P250.0 million in 2020.

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Despite higher inventories due to delayed deliveries and a growth in receivables, the company's cash flow was positive. The increase in working capital was offset by the postponement of several large capital expenditure items that had originally been budgeted for the year.

Seven Seas Resorts And Leisure, Inc. (Owner of Amanpulo Resort, 62.3% owned by Anscor)

Immediately after the Resort was mandated to close its operations in March 2020, Management implemented a strict protocol for its staff on Pamalican Island and developed a robust set of programs to ensure the safety of guests, in anticipation of the eventual reopening.

The Resort closed for almost four months and after presenting the Department of Tourism with a comprehensive safety plan for guests and employees, the Resort was allowed to reopen at 50% capacity in June 2020. The protocols developed by Amanpulo have become the "gold" standard for the industry. In November, the Resort was allowed to increase its capacity to 75%, and to 100% in December.

Through aggressive marketing initiatives targeted at the domestic market, Amanpulo saw steady gains in occupancy and finished the year at 36.9% with total revenue of P 646.3 million. Although lower than last year's occupancy rate of 54.2% and revenue of P1.1 billion, Amanpulo maintained a positive EBITDA of 18.1% or P124.8 million.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

During the most difficult economic environment in recent history, ATRAM solidified its position as the leading independent asset management firm in the Philippines.

ATRAM's assets under management (AUM) stood at P131.2 billion at the end of 2020, 5% lower than the prior year's AUM of P138.7 billion. The decrease in AUM was attributed to the negative market revaluation of the local equity market, which was partially offset by positive net fund inflows of P4.0 billion.

The company stepped up its digital marketing initiatives across its social media platforms including organizing over a hundred ATRAM investment webinars that reached thousands of participants. ATRAM's expeditious response to the changing business landscape helped the company retain and attract new clients.

Efforts to innovate and differentiate its products and services continued amidst the crisis. ATRAM's global feeder fund range and fixed income funds performed well and gave clients the opportunity to invest in sectors such as Technology and Healthcare that were growing, in spite of the pandemic. ATRAM's new discretionary-managed portfolio offering for wealth clients also gained traction.

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KSA Realty Corporation (14.28% owned by Anscor)

The leasing industry was one of the industries most affected by the COVID-19 pandemic as government-mandated lockdowns affected many tenants of The Enterprise Center (TEC). Many of TEC tenants were not able to operate at optimal rates and sustained operating losses, and, as a result, requested rental concessions, some of which were granted, after careful review.

Average occupancy during the year was 95%, marginally lower than last year's 98%.

While the occupancy rate dropped, TEC managed to offset this with a 5% increase in average effective rent from P1,434 per sq.m. in 2019 to P1,502 per sq.m. in 2020. This resulted in a slight increase in operating income in 2020 and net income reached P1.1 billion.

TEC declared P850.0 million in dividends in 2020 of which P121.4 million was Anscor's share.

AG&P International Holdings Ltd. (21% owned by Anscor)

The Company registered a net loss of US$103.2 million against revenues of US$96.8 million; the third year in a row of losses. Anscor remains very concerned with the slow development of its LNG operations and its weak financial performance.

Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of December 31, 2020 versus December 31, 2019 except for the decline in value of FVPL and FVOCI investments, when the Philippines Stock Exchange index went down due to the pandemic caused by COVID-19.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2020 and 2019.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash generated from operating and investing activities partially offset by cash used in financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements.)

Fair Value Through Profit and Loss (FVPL) Investments
Net decrease in this account amounted to P1.1 billion. The decrease can be attributed to net disposal of investments amounting to P946.4 million, the decline in the market value of investments of about P76.5 million and unrealized foreign exchange loss related to foreign denominated investments amounting to P77.1 million.

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Receivables
The decrease was mainly attributable to the collection of loans amounting to P238.9 million from Powersource Group Holdings Corporation.

Inventories
The increase was due to higher level of finished goods and raw materials inventories of the wire manufacturing and aviation subsidiaries.

Prepayments
Increase in this account can be attributed mainly to prepaid expenses related to manufacturing and resort operations.

Other Current Assets
Change in the account balance can be attributed to the decrease in deposits to the contractors and suppliers of the resort.

Fair Value Through Other Comprehensive Income (FVOCI) – total current and noncurrent
Net decrease in this account amounted to ₱236.3 million. The decrease can be attributed to net disposal of ₱222.5 million, unrealized foreign exchange loss of ₱4.9 million and the decrease in market value of AFS investments of about ₱8.9 million.

Notes Receivable
The decrease was attributable to the collection of advances by the parent company to Anscor Retirement Plan from the latter's cash dividend from its investment in Anscor shares.

Investments and Advances
The decrease in investments and advances were due to share in net losses of associates amounting to ₱598.0 million mainly AG&P and the unrealized foreign exchange loss related to foreign equity investment of ₱79.4 million. Collection of advances from the associates amounted to P80.8 million.

Property, Plant and Equipment - net
Depreciation charged to operations amounted to ₱267.9 million while additions to property and equipment amounted to ₱186.3 million that was mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries.

Investment Properties - net
Decrease was due to depreciation amounting to P14.7 million.

Retirement Plan Assets
Change in the retirement plant asset arises mainly from contribution to the plan assets.

Deferred Income Tax Assets
Increase in the account was mainly due to deferred tax effect of the allowance for impairment loss on receivables and inventories of the manufacturing subsidiary.

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Right-of-Use-Assets
With the adoption of PFRS 16, Leases, the manufacturing subsidiary as a lessee recognized asset representing the right to use the asset/property during the lease term. The decrease was mainly due depreciation of the right-of-use-assets.

Other noncurrent assets
Change in the account balance can be attributed to the decreased in deposits to suppliers related to capital expenditure requirements of the resort.

Notes Payable
In 2020, IAI, an aviation subsidiary obtained a loan from a bank amounting to P23.2 million.

Accounts Payable and Accrued Expenses
The decrease was mainly attributable to the lower purchases of the resort and wire manufacturing subsidiaries and decrease in accruals due to the pandemic.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2020 due to problematic addresses of some of the Company's stockholders. Last cash dividends of P0.75 per share to shareholders was paid on April 27, 2020.

Lease Liability (current and noncurrent)
With the adoption of PFRS 16, Leases, the manufacturing subsidiary as a lessee recognized a liability for future lease payments. The amount of lease liabilities was reduced for the lease payments made.

Income Tax Payable
Movement in the account was attributable to tax provision of the aviation and wire manufacturing subsidiaries for 2020, partially offset by income taxes paid during the year by the Group.

Long-term Debt (current and noncurrent)
The decrease in the account can be attributed to payment by the Parent Company, PDP and IAI of the loan principals in 2020.

Deferred Income Tax Liabilities
Decrease in the account was mainly due to the deferred tax effect on the decrease in value of FVPL investments, bonds and unquoted equities and funds.

Retirement Benefits Payable
Increase resulted from lower return on plan assets.

Other noncurrent liabilities
Decrease in the account balance was mainly due to the use of deposit from villa owners for back of house facilities improvement of the resort subsidiary.

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Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc. Due to the appreciation of Philippine peso vis-à-vis US$, CTA balance decreased by P174.0 million.

Unrealized valuation gain on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to December 31, 2020.

Remeasurement on Retirement Benefits
Decrease in the account was mainly due to net effect of the increase in the retirement benefits payable and the retirement plan assets.

Cost of shares held by a subsidiary
In 2020, Anscor Consolidated Corporation (Anscorcon), purchased 22.6 million Anscor shares amounting P285.8 million.

Noncontrolling Interest (equity portion)
Slight increase was mainly due to share of minority shareholders in the net income of aviation subsidiary for the year 2020.

Others
There were no commitments for major capital expenditures in 2020.

Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The discussions below were based on the consolidated results of the Company and its subsidiaries for the year ended December 31, 2020 as compared to consolidated results for the year ended December 31, 2019:

Revenues
This year’s consolidated gross revenues of P6.9 billion were significantly lower than the last year’s revenues of P10.7 billion mainly due to decrease in market value of FVPL investments of P76.5 million vs a gain of P1.2 billion in 2019. Revenues of the resort and wire manufacturing operations were lower than last year as a result of community quarantine imposed by the Government due to COVID-19 pandemic, while share in net losses of associates amounting to P598.0 million was higher as compared to P517.1 million in 2019. Dividend income also decreased from P373.6 million to P259.1 million.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to decline in volume sold by the wire manufacturing subsidiary.

Services Rendered
Decrease in cost of services rendered was mainly due to lower occupancy rate of the resort subsidiary this year versus last year.

Operating Expenses
The Group reported a decrease in operating expenses for 2020 mainly due to lower overhead of the subsidiaries due to the quarantine imposed in 2020 due to COVID-19. Lower salaries, advertising and promotion, delivery and utilities cost were reported in 2020.

Interest Expense
Amount in 2020 was lower than 2019 due to payment of long-term loan by the Parent Company and PDP.

Foreign Exchange Gain (loss)
Due to the depreciation of dollar vis-à-vis peso, the parent company reported foreign exchange loss on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net
The tax provision of the resort and wire manufacturing subsidiaries for 2020 decreased due to lower profits.

Year Ended December 31, 2019 Compared with Year Ended December 31, 2018 (as reported in 2019 SEC 17-A)

Revenues
This year's consolidated gross revenues of P10.7 billion was higher than last year's revenue of P9.8 billion, mainly due to the gain on increase in market value of FVPL investments of P1.2 billion vis-à-vis a gain of P33.5 million in 2018. Also, the dividend income of the Parent Company was higher in 2019.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to lower cost of goods of the wire manufacturing subsidiary.

Services Rendered
Increase in cost of services rendered can be attributed to higher cost of services of resort operation, mainly energy costs.

Operating Expenses
The Group reported higher operating expenses mainly due to increased overhead of the resort and manufacturing subsidiaries.

Interest Expense
Amount in 2019 was lower than 2018 due to payment of long-term loan by the Parent Company and PDP.

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Foreign Exchange Gain (Loss) - Net
Due to the appreciation of Peso vis-à-vis US Dollar, the Parent Company reported higher foreign exchange loss on foreign-currency denominated investment in financial assets offset by foreign exchange gain on its dollar-denominated loan.

Provision for Income Tax - Net
The current provision for income tax of the Group increased primarily due to higher taxable income of PDP which reported improved profits for 2019.

Year Ended December 31, 2018 Compared with Year Ended December 31, 2017 (as reported in 2018 SEC 17-A)

Revenues
This year's consolidated gross revenues of ₱9.8 billion was lower by ₱803.6 million from last year's revenue of ₱10.6 billion. 2017 revenues include gain of ₱1.1 billion from divesting Cirrus Medical Staffing, Inc. In addition, the gain on increase in market value of FVPL investments last year was ₱1.4 billion vs a gain of ₱33.5 million in 2018. These were offset by the increase in sales revenue of PDP Energy, which was higher by P1.1 billion or 15.4%. Also, resort operations reported improved revenues.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher cost of goods sold of the wire manufacturing subsidiary due to their increased revenues.

Services Rendered
Increase in cost services rendered was mainly attributable to higher cost of services of resort operation.

Operating Expenses
The Group reported higher operating expenses mainly due increased expenses of the Resort due to its higher occupancy rate.

Interest Expense
Amount in 2018 was lower than 2017 due to payment of long-term loan by the Parent Company and PDP.

Foreign Exchange Gain
Due to the deprecation of peso vis-à-vis dollar, the parent company reported higher foreign exchange gain on foreign currency denominated investment in financial assets offset by foreign exchange loss on its dollar denominated loan.

Provision for Income Tax - Net
The current provision for income tax of the Group increased due higher taxable income of PDP and the Resort which reported higher profits for 2018.

Noncontrolling Interests (Statements of Income)
Increase was mainly due to share of minority shareholders in the higher net income of Seven Seas for the year 2018.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

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

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

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

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

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

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

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

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

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

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

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

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

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

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

Effective beginning on or after January 1, 2021

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

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

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

- The Group shall also disclose information about:

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

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

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

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- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the "10 percent" test for derecognition of financial liabilities*

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

Effective beginning on or after January 1, 2023

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

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

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

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The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

<u>Other Financial Information</u>

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

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2020 and onwards.

- The management has no knowledge of known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

- There is no other change in composition of the registrant no restructuring.

- There is no other material event subsequent to the reporting period that has not been reflected in the financial statements.

Item 7. Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippine Financial Reporting Standards (PFRS).

2. The financial statements were prepared in accordance with the disclosures required by Revised SRC Rule 68 as amended (2019) and PFRS.

3. The consolidated financial statements include disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

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Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing calendar year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors of the Company for the ensuing year.

In compliance with SRC Rule 68 paragraph 3(b) (ix) (Rotation of External Auditors), the SGV audit partner, as of December 2020, is Ms. Dhonabee B. Señeres, who is on her second year of audit engagement.

A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

The Company has no disagreements with its independent auditors on Accounting and Financial Disclosures and changes in Accounting and Financial Disclosures are included in the attached Notes to Financial Statements, if applicable.

Audit and Audit Related Fees

The Company paid to its external auditors the following fees in the past two years:

Year	Audit Fees
2020	**₱1,320,000**
2019	₱1,320,000

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

Tax Consultancy and Other Fees

No tax consultancy fees were paid by the Company to SGV for the year 2020. Other fees, which are non-tax related paid to SGV in 2020 amounted to P1,248,000.00. In 2019, payments to SGV for tax consultancy fees amounted to P150,000.00 while other fees (non-tax related) totaled P1,204,876.80.

Tax consultancy and other fees paid to the external auditors are evaluated and approved by the Audit Committee ensuring always that the independence of the external auditors is maintained.

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PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Directors

The Board of Directors of the Company has ultimate responsibility for the administrative affairs of the Company. The business address of all of the Directors is the registered office of the Company. The Board meets approximately once every quarter or about four times a year. A majority of the Board shall constitute a quorum for the holding of a Board meeting. The decision of a majority of the quorum present shall be sufficient to pass a Board resolution.

The Directors and their respective positions with the Company are listed below.

Name	Position	Term of Office	Period Served as Director
Andres Soriano III	Chairman and Chief Executive Officer; President and Chief Operating Officer	1 year	38 years
Eduardo J. Soriano	Vice Chairman – Treasurer	1 year	40 years
Ernest K. Cuyegkeng	Director and Chief Financial Officer	1 year	12 years
Johnson Robert G. Go Jr.	Director	1 year	1 year
Oscar J. Hilado	Director	1 year	22 years
Jose C. Ibazeta	Director	1 year	33 years
Alfonso S. Yuchengco III	Director	1 year	2 year

Executive Committee and Management

The management structure of the Company consists of an Executive Committee that reports directly to the Board of Directors. The following are the members of the Executive Committee, Audit Committee, Compensation Committee and Nomination Committee:

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Oscar J. Hilado	Member
Mr. Ernest K. Cuyegkeng	Member
Mr. Jose C. Ibazeta	Member

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. Jose C. Ibazeta	Member

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Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Alfonso S. Yuchengco III	Member

Nomination Committee:

Mr. Eduardo J. Soriano	Chairman
Mr. Oscar J. Hilado	Member
Mr. Alfonso S. Yuchengco III	Member

Selected biographical information on the Company's directors and other principal officers is set out below.

Directors

ANDRES SORIANO III, age 69, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of The Andres Soriano Foundation, Inc. (1985 to present), Phelps Dodge International Philippines, Inc. (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present) and Pamalican Resort, Inc. (May 2011 to present); Director of International Container Terminal Services, Inc. (ICTSI) (July 1992 to present). Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation and was subsequently the Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 66, Filipino, Director of the Company since 21 May 1980; Vice Chairman of the Company (1990 to present) and Treasurer (1990 to September 2018); Chairman of Anscor Holdings, Inc. (2012 to present); Member of the Board of Trustees and President of The Andres Soriano Foundation, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 74, Filipino, Director of the Company since 22 April 2009; Executive Vice President and Chief Financial Officer of the Company (1990 to present); President and Director of Phelps Dodge Philippines Energy Products Corporation (1999 to present), and Anscor Holdings, Inc. (2012 to present); Director of Seven Seas Resorts and Leisure, Inc. (2008 to present); KSA Realty Corporation (2001 to present), Prople, Inc. (2007 to present), Testech, Inc. (2003 to present), T-O Insurance (2008 to present), Sumifru, Singapore (2003 to present), and Philippine British Assurance Co. Inc. (Nov. 2011 to present); Chairman and Director of ArthaLand Corporation (2007 to present); Member of the Board of Trustees of The Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of the Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business

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Administration, (1968), Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHNSON ROBERT G. GO, JR., age 55, Filipino, Director of the Company since 19 November 2019; Director of Universal Robina Corporation (May 5, 2005 to present), JG Summit Holdings, Inc. and Robinsons Land Corporation; President of the Dameka Trading, Inc., member of the Senior Advisory Board of Robinsons Bank Corporation and a Trustee of the Gokongwei Brothers Foundation, Inc. He received his Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University.

OSCAR J. HILADO, age 82, Filipino, an Independent Director of the Company since 13 April 1998; Chairman of Philippine Investment Management (PHINMA), Inc. (January 1994 to present); Chairman of the Board & Chairman of the Executive Committee of Phinma Corporation; Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Union Galvasteel Corporation (March 2017 to present), Director of Phil. Cement Corporation (July 2018 to present), Phinma Solar Energy Corporation (July 2017 to present); Phinma Hospitality, Inc. (July 2011 to present), Phinma Microtel Hotels, Inc. (July 2011 to present), Phinma Education Holdings, Inc. (March 2016 to present), Araullo University, Inc. (April 2004 to present), Cagayan de Oro College, Inc. (June 2005 to present), University of Iloilo, Inc. (August 2009 to present), University of Pangasinan, Inc. (August 2009 to present), Southwestern University (June 2016 to present), St. Jude College, Manila (January 2018 to present), Manila Cordage Corporation (1986 to present); Independent Director of Philex Mining Corporation (December 2009 to present), Rockwell Land Corporation (May 2015 to present), Smart Communications, Inc. (May 2013 to present), Digital Telecommunications Philippines, Inc. (DIGITEL) (May 2013 to present), Roxas Holdings, Inc. (March 2016 to present), Seven Seas Resorts & Leisure, Inc. and Pamalican Resort, Inc. (May 2011 to present), Beacon Property Ventures, Inc. (December 1994 to present), Cebu Light Industrial Park, Inc. (February 1996 to present), Pueblo de Oro Development Corporation (February 1996 to present), United Pulp and Paper Company, Inc. (December 1969 to present). Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce (1958), Masters Degree in Business Administration, Harvard Graduate School of Business, (1962).

JOSE C. IBAZETA, age 78, Filipino, Director of the Company from 1981 to 1998, 2004 to present; Consultant to the Chairman (2010 to present); Director of International Container Terminal Services, Inc. (ICTSI) (January 1988 to present), ICTSI Ltd. and ICTHI, Anscor Consolidated Corporation (1980 to present), Anscor Holdings, Inc. (2012 to present), Island Aviation, Inc., Minuet Realty Corporation (1995 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), President of Seven Seas Resorts & Leisure, Inc. (2008 to present), Pamalican Resort, Inc. (May 2011 to present) and Island Aviation, Inc. (March 2017 to present); Member of the Board, Atlantic Gulf & Pacific Company of Manila, Inc.; Member of the Board, Executive Committee, Chairman of the Audit Committee and Member of the Compliance Steering Committee of AG&P Group Holdings Ptd Ltd.; FieldCOM, Inc. and GAS Entec Co. Ltd.; Member of the Board and Treasurer of AGP Philippines Holdings I, Inc.; Member of the Board of Trustees, Radio Veritas (1991 to present). Mr. Ibazeta was President and CEO of Power Sector Assets & Liabilities Management Corporation (PSALM) (February 2007 to March 2010) and Acting Secretary of Energy (April to June 2010). He is a graduate of Bachelor of Science in Economics, Ateneo de Manila University, (1963), MBA from the University of San Francisco, (1968) and, MBA Banking and Finance from the New York University (1972).

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ALFONSO S. YUCHENGCO III, age 61, Filipino, an Independent Director of the Company since 10 April 2019 to present; Director of Mapua Institute of Technology (1999 to present); Chairman of Testech, Inc. (2003 to present); Chairman of Prople, Inc. (2009 to present); Member of the Board of Trustees of Semiconductor and Electronics Industries in the Philippines, Inc. (2011 to present). He is a graduate of BS Asian Studies from De La Salle University (1981).

The following are not nominees but incumbent officers of the Company:

LORNA PATAJO-KAPUNAN, age 68, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of Kapunan & Castillo Law Offices; Corporate Secretary, Roxas Holdings, Inc. (1995 to 2014), Central Azucarera de Don Pedro (February 1995), Central Azucarera de la Carlota (March 1996), Beverage Industry Association of the Philippines (February 1991 to present), Seven Seas Resorts & Leisure, Inc. (November 1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to 2011), Uni-President Phils., Inc. (2002 to present), Huntly Corporation (February 1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to 2014), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001 to 2014), Jose M. Velero Corporation (2001 to 2014), Creative Concoctions, Inc. (2001 to 2014), Hotel Concepts, Inc. (September 2001 to present), Creative Hotel Concepts, Inc. (September 2001 to 2014), Culinary Events, Inc. (2001 to 2014), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to 2014), It's About Taste (I'ATE), Inc. (2002 to 2014), Kitchen Alley, Inc. (2001 to 2014), Les Maitres Gourmands, Inc. (July 2001 to 2014); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present), Elixir Gaming Technologies Philippines, Inc. (2007 to 2008), Elixir Group Philippines, Inc. (2006 to 2008); Director of AMAX Holdings Limited (2008 to 2014), Corporate Secretary, Blessed Mary Mother of the Poor Foundation, Inc. (2014), Montemar Beach Club, Inc. (2013 to present), Philcomsat Communications Satellite Corporation (Philcomsat) (2013 to present), UNLAD Foundation (2015). Graduate of University of the Philippines College of Law, (1978); Seminar Courses: Japan Institute of Invention and Innovation (JIII) Tokyo (1997); National Institute on Humanitarian Law, San Remo, Italy (September 2005); Summer Course International Humanitarian Law, Magdalene College, Cambridge University, London UK (July 2010). Bar Examiner, Mercantile Law (1988). The Outstanding Women In The Nations Service (TOWNS) Awardee – Corporate Law (1995); Filipinas Women Network (FWN) Influential Women Award (2016); Columnist, Business Mirror "Legally Speaking"; Program Host/Commentator "Laban Para Sa Karapatan" DWIZ, 882 AM; Top 100 Lawyers in the Philippines (2019 to 2020).

WILLIAM H. OTTIGER, age 53, Swiss, Senior Vice President and Corporate Development Officer; Treasurer of the Company (September 2018 to present); Director of Phelps Dodge International Philippines, Inc. (2004 to present); AG&P International Philippines, Inc. (2004 to present); Prople, Inc. (2004 to present), Seven Seas Resorts and Leisure, Inc. (April 2019 to present); ATRAM Trust Corporation (April 2019 to present) and ATR Asset Management, Inc. (2019). Formerly with Cirrus Medical Staffing, Inc. (USA); Enderun Colleges (Manila); San Miguel Brewing Hong Kong Ltd. and UBS Investment Bank London (UK). Graduate of Washington & Lee University, B.A. European History, (1990). London Business School, MBA, (2001).

NARCISA M. VILLAFLOR, age 58, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure, Inc., Pamalican Resort, Inc. and Anscor Holdings, Inc., The Andres Soriano Foundation, Inc., Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation; Trustee of

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The Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989; Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

LORENZO D. LASCO, age 58, Filipino, Vice President (joined the group in 1997); Director and General Manager of Anscor Holdings, Inc. (2000 to present); Director of AFC Agribusiness Corp.; Project Manager at Seven Seas Resorts and Leisure, Inc. (Amanpulo); used to be connected with Ayala Land, Inc. (ALI); Graduate of the Asian Institute of Management, Masters in Business Administration (1989).

JOSHUA L. CASTRO, age 46, Filipino, Vice President (April 2017 to present) and Assistant Corporate Secretary of the Company; Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge Philippines Energy Products Corporation and The Andres Soriano Foundation, Inc. (2006 to present); and Anscor Holdings, Inc. (2012 to present), Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005); Graduate of San Beda College of Law (1999).

SALOME M. BUHION, age 48, Filipino, Assistant Vice President- Accounting (April 2017 to present) and Accounting Manager (January 1998 to April 2017) of the Company; Assistant Manager, Business System Division (Support Management Group), Equitable PCI Bank, (1997); Auditor, SyCip Gorres Velayo & Co. (1994 to 1997); Certified Public Accountant.

MA. VICTORIA L. CRUZ, age 56, Filipino, Assistant Vice President of the Company (April 2017 to present); Executive Secretary to the Chairman (September 1998 to March 2017). Ms. Cruz was formerly the Executive Assistant to the Head of Mission of the Embassy of Peru. She also worked with Shangri-La's Mactan Island Resort, John Clements Consultants, Inc. and the Mandarin Oriental Hotel, Manila. She received a Bachelor of Science degree major in Business Management from De La Salle University in 1984.

Additional Information:

There is no person who is not an executive and is expected by the registrant to make a significant contribution to the business.

Except for Andres Soriano III and Eduardo J. Soriano who are brothers, the directors, executive officers or persons nominated or chosen by the registrant to become directors or executive officers have no family relationship up to the 4th civil degree either by consanguinity or affinity.

For the last five years and as of February 28, 2021, Management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

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Item 10. Executive Compensation

As approved in 2004, Directors are paid a per diem of P20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and Board of Directors.

The total compensation paid to the top six (9) Officers of the Company and the rest of the Directors for the last two years and the ensuing year are as follows:

Name	Principal Position	Compensation		
		2019 Actual	2020 Actual	2021 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer			
William H. Ottiger	Senior Vice President, Treasurer & Corporate Development Officer			
Narcisa M. Villaflor	Vice President & Comptroller			
Lorenzo D. Lasco	Vice President			
Joshua L. Castro	Vice President & Assistant Corporate Secretary			
Salome M. Buhion	Assistant Vice President-Accounting			
Ma. Victoria L. Cruz	Assistant Vice President			
Salaries		P 51,648,733	P 53,937,950	P 49,265,447
Benefits		1,429,599	1,775,523	1,775,523
Bonus		25,025,000	57,400,000	-
Sub-Total Top Executive		78,103,332	113,113,473	51,040,970
Other Directors		10,191,786	18,914,286	5,362,857
Total		P 88,295,118	P 132,027,759	P 56,403,827

There are no other arrangements, including consulting contracts, to which any director was compensated, directly or indirectly except for the consultancy agreement between the Company and Mr. Jose C. Ibazeta, involving about ₱10.4 million fees for one year.

All the executive officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named executive officers that will result from their resignation, retirement or any other termination or from change in control in the Company or change in the named executive officers' responsibilities following a change in control.

There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

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Item 11. Security Ownership of Certain Beneficial Owners and Management

Except as indicated below, no person holds 5% or more of the common stock of the Company under a voting trust or similar agreement.

a. Security Ownership of Certain Record (R) and Beneficial Owners (B)

As of February 28, 2021, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

Title of Class	Name/Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,272,329,761*	50.893%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	496,050,904	19.842%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	161,546,329	6.462%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account)	Filipino	120,218,437	4.809%

** Includes 122,287,251 shares lodged with PCD Nominee Corp. (Filipino).*

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Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients of which ATRAM Trust Corporation is the sole owner of more than 5%, specifically 24.84%, the bulk of which or 17.558% is owned by Deerhaven, LLC, a company registered in Delaware, USA. Shares owned by Deerhaven, LLC are indirectly owned by Andres Soriano III. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines on 25 April 2003. Shares owned by A-Z Asia Limited Philippines, Inc. are indirectly owned by Eduardo J. Soriano.

Other than the above, there are no Stockholders owning more than 5% of the Company's outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

b. Security Ownership of Certain Beneficial Owners and Management

As of February 28, 2021, the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature Of Security Ownership		Citizenship	Percent
Common	Andres Soriano III	489,428,270	Direct/Indirect	American	19.577%
Common	Eduardo J. Soriano	180,415,944	Direct/Indirect	Filipino	7.217%
Common	Oscar J. Hilado	20,000	Direct/Indirect	Filipino	0.001%
Common	Jose C. Ibazeta	32,951	Direct	Filipino	0.001%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	Johnson Robert G. Go, Jr.	20,100	Direct	Filipino	0.001%
Common	Alfonso S. Yuchengco III	20,000	Direct	Filipino	0.001%
Total		669,957,265			26.799%

William H. Ottiger, Narcisa M. Villaflor, Lorenzo D. Lasco, Atty. Lorna Patajo-Kapunan, Atty. Joshua L. Castro, Salome M. Buhion and Ma. Victoria L. Cruz do not own shares of the Company.

c. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholders.

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d. Changes in Control

No change in control of the Company occurred since the beginning of the last fiscal year. Management is not aware of any arrangement which may result in a change in control of the Company.

As of February 28, 2021 the foreign ownership level of total outstanding shares is 19.85%.

The Company does not own any other equity securities beneficially owned by its directors.

Item 12. Certain Relationships and Related Transactions

There are no Management transactions during the year or proposed transaction to which the Company was or is to be a party, in which any of its Directors, nominees for election as Directors, Executive Officers, security holders owning more than 5% of the outstanding shares of the Company, or any member of the immediate family of any of the forgoing persons, have or is to have material interest.

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PART IV – CORPORATE GOVERNANCE

Item 13. Compliance with Leading Practice on Corporate Governance

As part of the Company's continuing efforts to comply with leading practice on corporate governance, on 10 March 2010, the Company submitted to the SEC and PSE its revised Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 6, Series of 2009. The Manual on Corporate Governance was further revised on 18 February 2011 to comply with additional requirements of the SEC. On 02 July 2014, the Company submitted to the SEC and PSE its Amended Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 9, Series of 2014.

With the promulgation of the Code of Corporate Governance for Publicly Listed Companies under SEC Memorandum Circular No. 19 dated November 22, 2016, the Company submitted to the SEC and PSE its Manual on Corporate Governance in compliance with said Circular. This Manual superseded all previous Manuals on Corporate Governance of the Company including its revisions.

All the revisions to the Manual on Corporate Governance are discussed and deliberated upon by the Board of Directors prior to its approval and subsequent submission to the SEC.

The Board of Directors and Management evaluates on an annual basis, the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. These improvements are contained in the Company's Integrated Annual Corporate Governance Report and updates thereto to be submitted to the SEC yearly. Further, Directors of the Company are required, before assuming office and annually thereafter, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, following SEC's thrust to promote a better corporate governance environment, the Company complied with SEC Memorandum Circular No. 11, Series of 2014, which provides for template for publicly-listed companies' websites. The Company's website contains all the items indicated in said Circular.

As of 28 February 2021, there were no deviations from the Company's Manual on Corporate Governance.

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PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

Exhibit	(1)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	NA
Exhibit	(2)	Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS
Exhibit	(3)	Voting Trust Agreement	NA
Exhibit	(4)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	INFORMATION STATEMENT ANNUAL REPORT & FORM 17-Q
Exhibit	(5)	Letter re: Change in Certified Public Accountant	NA
Exhibit	(6)	Letter re: Change in Accounting Principles	NA
Exhibit	(7)	Report Furnished to Security Holders	ANNUAL REPORT & FORM 17-Q
Exhibit	(8)	Subsidiaries of the Registrant	LIST OF SUBSIDIARIES FINANCIAL STATEMENTS OF SIGNIFICANT FOREIGN SUBSIDIARIES
Exhibit	(9)	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
Exhibit	(10)	Consents of Experts and Independent Counsel	NA
Exhibit	(11)	Power of Attorney	NA
Exhibit	(12)	Additional Exhibits	2020 Sustainability Report

(b) SEC Form 17-C

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SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on February 18, 2021.

Andres Soriano III Chairman, President and Chief Executive Officer	Date	**Ernest K. Cuyegkeng** Executive Vice President - Chief Financial Officer	Date
Narcisa M. Villaflor Vice President- Comptroller	Date	**Salome M. Buhion** Assistant Vice President - Accounting	Date
Atty. Lorna Kapunan Corporate Secretary	Date		

SUBSCRIBED AND SWORN to before me this 18th day of February 2021, affiants exhibited to me the following:

NAMES	PASSPORT NO. GOV'T ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE
Andres Soriano III	506368805	01-14-2015	U.S.A
Ernest K. Cuyegkeng	P7236847A	05-19-2018	DFA NCR South
Narcisa M. Villaflor	P8592511A	09-04-2018	DFA NCR West
Salome M. Buhion	P9335323A	10-28-2018	DFA NCR Northeast
Atty. Lorna Kapunan	EC8493081	08-08-2016	DFA Manila

ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment. No. M-345; Roll No. 20642
Commission expires on 06-30-21
MCLE Compliance No. VI-0008138
PTR No. 8551475; 1-15-21; Makati City
IBP No. 143946; 02-03-21; Pasig City
TIN No. 100-364-501

Doc. No. 13;
Page No. 4;
Book No. XXI;
Series of 2021.

A. SORIANO CORPORATION
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SEC FORM 17-A

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A. SORIANO CORPORATION
SEC FORM 17-C

The following is a summary of submissions of SEC Form 17-C filed during the year 2020:

February 28, 2020	SEC 17-C Amendment of Article of Incorporation
March 16, 2020	SEC 17-C Declaration of Cash Dividends
March 20, 2020	SEC 17-C Notice of Annual or Special Stockholders' Meeting
April 17, 2020	SEC 17-C Payment Date for Declaration of Cash Dividends
April 23, 2020	SEC 17-C Amended Notice of Annual or Special Stockholders' Meeting
May 11, 2020	SEC 17-C Amended Notice of Annual or Special Stockholders' Meeting
May 11, 2020	SEC 17-C Procedure for 2020 Virtual Annual Stockholders' Meeting
June 17, 2020	SEC 17-C Results of Annual Stockholders Meeting
June 17, 2020	SEC 17-C Results of Organizational Meeting of the Board of Director
July 27, 2020	SEC 17-C Amendments of Articles of Incorporation

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A. SORIANO CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of A. Soriano Corporation is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, 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 consolidated 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 is responsible for overseeing the Company's financial reporting process.

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated 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.

ANDRES SORIANO III
Chairman, President and
Chief Executive Officer

ERNEST K. CUYEGKENG
Executive Vice President and
Chief Financial Officer

Signed this 18th day of February 2021

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

SUBSCRIBED AND SWORN to before me this 18th day of February 2021, affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE ISSUED
Andres Soriano III	506368805	Jan. 14, 2015 to Jan 13, 2025/ U.S.
Ernest K. Cuyegkeng	P7236847A	May 19, 2018 to May 18, 2028/DFA NCR South

Doc. No. 12;
Page No. 4;
Book No. XX1;
Series of 2021

ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment. No. M-345; Roll No. 20642
Commission expires on 06-30-21
MCLE Compliance No. VI-0008138
PTR No. 8551475; 1-15-21; Makati City
IBP No. 143946; 02-03-21; Pasig City
TIN No. 100-364-501

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building,
Makati Avenue corner Gil Puyat Avenue Extension,
Makati City

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Recoverability of Goodwill

The goodwill arising from the acquisitions of Phelps Dodge International Philippines, Inc. and Seven Seas Resorts and Leisure, Inc. amounted to ₱1,302.3 million as at December 31, 2020 and is considered significant to the consolidated financial statements. Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. We considered the recoverability of goodwill as a key audit matter due to the materiality of the amount involved and the sensitivity of the estimated recoverable amount to management's assumptions and judgments. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions, such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units (CGUs). These assumptions are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted further by the coronavirus pandemic.

The Group's disclosures on goodwill are included in Note 7 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the valuation methodology and assumptions used by management in estimating value-in-use. These assumptions include revenue growth rates, discount rates and long-term growth rates. We compared the growth rates used against the historical performance of the CGUs, taking into consideration the impact associated with the coronavirus pandemic. In testing the discount rates, our internal specialist performed independent testing on the determination of discount rates using market-based parameters. In addition, we reviewed the disclosures in the consolidated financial statements related to the key assumptions used and the sensitivity of the estimates to these key assumptions particularly those to which the impairment test is most sensitive.

Recoverability of Investment in an Associate

The Group has an investment in an associate that is accounted for using the equity method. For the year ended December 31, 2020, the Group's share in the net loss of the associate amounted to ₱601.0 million. In addition, in 2020, the Group identified indicators of possible impairment of its investment in an associate and, as required in PFRSs, assessed the recoverability of its investment based on management's estimated expected cash flows from the operations of the associate, judgment over the appropriate valuation model, and valuation assumptions such as discount rate and long-term growth rate. This matter is significant to our audit because of the materiality of the recognized share in net loss of the associate and the significant management judgment and assumptions used in determining the recoverable amount, which are subject to higher level of estimation uncertainty due to the current economic conditions as further impacted by the coronavirus pandemic.

The Group's disclosures on investment in an associate are included in Note 14 to the consolidated financial statements.

Audit Response

We obtained from management an understanding of the current business operations of the associate and whether such is considered in the Group's assumptions. Furthermore, we involved our internal specialist in evaluating the model used by the Group in estimating the equity value of the investment and the assumptions in estimating the associate's cash flows from operations. These assumptions include discount rate and long-term growth rate. In testing the discount rate, our internal specialist performed an independent testing of the determination of discount rate using market-based parameters. We also reviewed and tested the sensitivity of the present value of discounted cash flows to changes in key assumptions particularly those to which the recoverable amount is most sensitive. We also obtained the financial information of the associate and recomputed the Group's share in net losses for the year ended December 31, 2020.

Valuation of Unquoted Equity Instruments

In accordance with PFRS 9, *Financial Instruments*, the Group classified its unquoted equity investments, with carrying value of ₱1,248.9 million as at December 31, 2020, as financial assets through profit or loss. We considered the valuation of these unquoted equity investments as a key audit matter because of the materiality of the amount involved, the significant judgment applied in selecting the valuation techniques and inputs that are not market observable, and the other significant assumptions used in estimating future cash flows from these unquoted equity investments.

The Group's disclosures about its equity investments are included in Note 10 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the valuation techniques and inputs and the other assumptions used. These assumptions include discount rates, revenue growth rates and comparable companies. In testing the discount rates, our internal specialist performed independent testing of the determination of discount rates using market-based parameters. For investments valued using the income approach, we compared the revenue growth rates to the historical performance of the investment and the industry/market outlook. For investments valued under the market approach, we reviewed the comparable companies used in the valuation and confirmed factors such as additional funding of the investee that would warrant the change in market value of the investments. For private equity fund investments valued under the cost approach (adjusted net asset value method), we reviewed the financial information of the investees and checked if the financial information used reflects the fair values of the investee's assets and liabilities. In addition, we reviewed the disclosures in the consolidated financial statements related to the significant unobservable inputs to the fair value measurement.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dhonabee B. Señeres.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-098-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534366, January 4, 2021, Makati City

February 18, 2021

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 9)	**₱3,091,959,345**	₱2,308,878,255
Fair value through profit or loss (FVPL) investments (Notes 10 and 20)	**10,022,872,169**	11,130,248,073
Receivables (Note 11)	**1,935,992,841**	2,122,602,618
Inventories (Note 12)	**1,052,585,937**	904,427,520
Fair value through other comprehensive income (FVOCI) investments - current (Note 13)	**–**	94,535,324
Prepayments	**36,741,212**	34,866,126
Other current assets	**17,109,933**	27,070,500
Total Current Assets	**16,157,261,437**	16,622,628,416
Noncurrent Assets		
FVOCI investments - net of current portion (Note 13)	**94,137,422**	235,949,189
Notes receivables (Note 28)	**307,499,741**	349,499,741
Investments and advances (Note 14)	**318,329,315**	1,078,655,003
Goodwill (Note 7)	**1,302,276,264**	1,302,276,264
Property and equipment (Notes 15 and 20)	**2,480,841,422**	2,562,463,613
Investment properties (Note 16)	**515,702,509**	530,382,258
Retirement plan asset - net (Note 25)	**91,612,330**	84,470,839
Deferred income tax assets - net (Note 26)	**123,997,500**	87,156,013
Right-of-use assets (Note 31)	**20,721,708**	35,292,325
Other noncurrent assets (Notes 17 and 31)	**189,905,685**	223,646,431
Total Noncurrent Assets	**5,445,023,896**	6,489,791,676
TOTAL ASSETS	**₱21,602,285,333**	₱23,112,420,092
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 18)	**₱23,166,200**	₱–
Accounts payable and accrued expenses (Notes 19 and 33)	**857,820,767**	931,320,157
Current portion of lease liabilities (Note 31)	**4,922,514**	9,907,864
Dividends payable (Note 21)	**366,069,163**	283,974,578
Income tax payable	**206,866,422**	192,064,701
Current portion of long-term debt (Note 20)	**151,428,571**	276,164,746
Total Current Liabilities	**1,610,273,637**	1,693,432,046

(Forward)

	December 31	
	2020	2019
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 20)	**₱75,714,286**	₱227,142,857
Lease liabilities - net of current portion (Note 31)	**19,208,263**	27,466,781
Deferred income tax liabilities - net (Note 26)	**468,391,756**	479,312,696
Retirement benefits payable - net (Note 25)	**56,895,050**	32,252,060
Other noncurrent liabilities (Notes 17 and 31)	**111,411,807**	147,956,007
Total Noncurrent Liabilities	**731,621,162**	914,130,401
Total Liabilities	**2,341,894,799**	2,607,562,447
Equity Attributable to Equity Holders of the Parent (Note 21)		
Capital stock - ₱1 par value	**2,500,000,000**	2,500,000,000
Additional paid-in capital	**1,859,383,287**	1,859,383,287
Cumulative translation adjustment	**99,260,524**	273,248,081
Unrealized valuation gains on FVOCI investments (Note 13)	**2,521,749**	8,739,689
Remeasurement on retirement benefits (Note 25)	**23,720,413**	33,267,478
Retained earnings (Note 21):		
Appropriated	**7,150,000,000**	7,150,000,000
Unappropriated	**9,715,904,450**	10,487,853,458
Cost of shares held by a subsidiary (1,272,429,761 shares and 1,249,872,246 shares in 2020 and 2019, respectively) (Note 21)	**(2,655,215,372)**	(2,369,372,182)
	18,695,575,051	19,943,119,811
Noncontrolling Interests (Note 3)	**564,815,483**	561,737,834
Total Equity	**19,260,390,534**	20,504,857,645
TOTAL LIABILITIES AND EQUITY	**₱21,602,285,333**	₱23,112,420,092

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUES			
Sale of goods - net (Note 5)	**₱6,448,195,660**	₱8,208,374,800	₱8,292,508,630
Services (Notes 5 and 31)	**767,569,969**	1,342,389,775	1,314,704,847
Dividend income (Note 10)	**259,109,001**	373,587,490	301,777,821
Interest income (Notes 9, 10, 11, 13 and 24)	**82,203,823**	124,478,035	109,516,147
	7,557,078,453	10,048,830,100	10,018,507,445
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments (Notes 10 and 30)	**(76,521,488)**	1,151,784,252	33,493,049
Gain (loss) on sale of FVOCI investments (Note 13)	**1,150,196**	11,859,942	(2,700,602)
Loss on disposal of a subsidiary (Note 8)	**–**	–	(6,111,015)
	(75,371,292)	1,163,644,194	24,681,432
EQUITY IN NET LOSSES AND LOSS ON INVESTMENTS IN ASSOCIATES (Note 14)	**(598,006,474)**	(517,090,062)	(262,184,140)
TOTAL	**6,883,700,687**	10,695,384,232	9,781,004,737
Cost of goods sold (Note 22)	**(5,023,688,235)**	(6,590,288,987)	(7,010,549,289)
Cost of services rendered (Note 22)	**(268,702,449)**	(447,058,842)	(437,508,189)
Operating expenses (Note 22)	**(1,051,650,414)**	(1,217,805,627)	(1,194,383,616)
Interest expense (Notes 18, 20, 24 and 31)	**(24,411,138)**	(48,364,623)	(72,908,371)
Foreign exchange gain (loss) - net	**(106,404,104)**	(92,967,921)	106,678,302
Other income - net (Notes 24 and 31)	**51,200,190**	68,852,086	79,708,375
INCOME BEFORE INCOME TAX	**460,044,537**	2,367,750,318	1,252,041,949
PROVISION FOR INCOME TAX (Note 26)	**291,319,541**	429,373,654	347,218,566
NET INCOME	**168,724,996**	1,938,376,664	904,823,383
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gains (losses) on FVOCI investments (Note 13)	**(7,732,576)**	35,957,388	(34,538,189)
Income tax effect	**2,319,773**	(10,787,216)	10,361,457
	(5,412,803)	25,170,172	(24,176,732)

(Forward)

	Years Ended December 31		
	2020	2019	2018
Realized losses (gains) on FVOCI investments recognized in the consolidated profit or loss (Note 13)	**(₱1,150,196)**	(₱11,859,942)	₱2,700,602
Income tax effect	**345,059**	3,557,983	(810,181)
	(805,137)	(8,301,959)	1,890,421
	(6,217,940)	16,868,213	(22,286,311)
Cumulative translation adjustment	**(173,987,557)**	(112,264,694)	89,930,454
	(180,205,497)	(95,396,481)	67,644,143
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurement loss on retirement benefits (Note 25)	**(13,097,687)**	(9,304,530)	(24,574,106)
Income tax effect	**3,550,622**	2,718,980	6,432,512
	(9,547,065)	(6,585,550)	(18,141,594)
OTHER COMPREHENSIVE INCOME (LOSS)	**(189,752,562)**	(101,982,031)	49,502,549
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱21,027,566)**	₱1,836,394,633	₱954,325,932
Net Income Attributable to:			
Equity holders of the Parent	**₱165,646,806**	₱1,843,615,322	₱808,386,813
Noncontrolling interests	**3,078,190**	94,761,342	96,436,570
	₱168,724,996	₱1,938,376,664	₱904,823,383
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	**(₱24,105,756)**	₱1,741,633,291	₱857,889,362
Noncontrolling interests	**3,078,190**	94,761,342	96,436,570
	(₱21,027,566)	₱1,836,394,633	₱954,325,932
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 27)	**₱0.13**	₱1.53	₱0.67
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent (Note 27)	**(₱0.02)**	₱1.44	₱0.71

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Equity Attributable to Equity Holders of the Parent (Note 21)											
							Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interests (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on FVOCI Investments (Note 13)	Remeasurement on Retirement Benefits (Note 25)	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2017	**₱2,500,000,000**	**₱1,605,613,566**	**(₱26,356,543)**	**₱295,582,321**	**₱14,157,787**	**₱57,994,622**	**₱7,150,000,000**	**₱9,059,813,726**	**(₱2,324,314,735)**	**₱18,332,490,744**	**₱458,644,651**	**₱18,791,135,395**
Net income	–	–	–	–	–	–	–	808,386,813	–	808,386,813	96,436,570	904,823,383
Other comprehensive income (loss)	–	–	–	89,930,454	(22,286,311)	(18,141,594)	–	–	–	49,502,549	–	49,502,549
Total comprehensive income (loss) for the year	–	–	–	89,930,454	(22,286,311)	(18,141,594)	–	808,386,813	–	857,889,362	96,436,570	954,325,932
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱641.4 million (Note 21)	–	–	–	–	–	–	–	(608,586,627)	–	(608,586,627)	–	(608,586,627)
Shares repurchased during the year (Note 21)	–	–	–	–	–	–	–	–	(32,241,091)	(32,241,091)	–	(32,241,091)
Disposal of subsidiary (Note 8)	–	–	26,356,543	–	–	–	–	–	–	26,356,543	–	26,356,543
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	–	–	–	–	–	(31,555,106)	(31,555,106)
BALANCES AT DECEMBER 31, 2018	**2,500,000,000**	**1,605,613,566**	**–**	**385,512,775**	**(8,128,524)**	**39,853,028**	**7,150,000,000**	**9,259,613,912**	**(2,356,555,826)**	**18,575,908,931**	**523,526,115**	**19,099,435,046**
Net income	–	–	–	–	–	–	–	1,843,615,322	–	1,843,615,322	94,761,342	1,938,376,664
Other comprehensive income (loss)	–	–	–	(112,264,694)	16,868,213	(6,585,550)	–	–	–	(101,982,031)	–	(101,982,031)
Total comprehensive income (loss) for the year	–	–	–	(112,264,694)	16,868,213	(6,585,550)	–	1,843,615,322	–	1,741,633,291	94,761,342	1,836,394,633
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱634.6 million (Note 21)	–	–	–	–	–	–	–	(615,375,776)	–	(615,375,776)	–	(615,375,776)
Shares repurchased during the year (Note 21)	–	–	–	–	–	–	–	–	(118,975,079)	(118,975,079)	–	(118,975,079)
Sale of Company shares held by a subsidiary (Note 21)	–	253,769,721	–	–	–	–	–	–	106,158,723	359,928,444	–	359,928,444
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	–	–	–	–	–	(56,549,623)	(56,549,623)
BALANCES AT DECEMBER 31, 2019	**2,500,000,000**	**1,859,383,287**	–	**273,248,081**	**8,739,689**	**33,267,478**	**7,150,000,000**	**10,487,853,458**	**(2,369,372,182)**	**19,943,119,811**	**561,737,834**	**20,504,857,645**
Net income	–	–	–	–	–	–	–	165,646,806	–	165,646,806	3,078,190	168,724,996
Other comprehensive income (loss)	–	–	–	(173,987,557)	(6,217,940)	(9,547,065)	–	–	–	(189,752,562)	–	(189,752,562)
Total comprehensive income (loss) for the year	–	–	–	(173,987,557)	(6,217,940)	(9,547,065)	–	165,646,806	–	(24,105,756)	3,078,190	(21,027,566)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 21)	–	–	–	–	–	–	–	(937,595,814)	–	(937,595,814)	–	(937,595,814)
Shares repurchased during the year (Note 21)	–	–	–	–	–	–	–	–	(285,843,190)	(285,843,190)	–	(285,843,190)
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	–	–	–	–	–	(541)	(541)
BALANCES AT DECEMBER 31, 2020	**₱2,500,000,000**	**₱1,859,383,287**	**₱–**	**₱99,260,524**	**₱2,521,749**	**₱23,720,413**	**₱7,150,000,000**	**₱9,715,904,450**	**(₱2,655,215,372)**	**₱18,695,575,051**	**₱564,815,483**	**₱19,260,390,534**

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱460,044,537**	₱2,367,750,318	₱1,252,041,949
Equity in net losses and impairment loss on investments in associates (Note 14)	**598,006,474**	517,090,062	262,184,140
Depreciation and amortization (Notes 15, 16, 22 and 31)	**292,174,080**	272,179,839	252,820,204
Dividend income (Note 10)	**(259,109,001)**	(373,587,490)	(301,777,821)
Interest income (Notes 9, 10, 11, 13 and 24)	**(82,203,823)**	(124,478,035)	(109,516,147)
Loss (gain) on decrease (increase) in market values of FVPL investments (Note 10)	**76,521,488**	(1,151,784,252)	(33,493,049)
Impairment losses, net of recoveries (Notes 11 and 24)	**64,920,658**	41,752,086	9,397,390
Unrealized foreign exchange losses - net	**60,354,216**	48,116,020	116,697,688
Interest expense (Notes 18, 20, 24 and 31)	**24,411,138**	48,364,623	72,908,371
Retirement benefit costs (Notes 22, 23 and 25)	**18,123,185**	13,203,358	37,124,451
Gain on rent concession (Notes 24 and 31)	**(3,917,535)**	–	–
Loss (gain) on sale/disposal of:			
FVOCI investments (Note 13)	**(1,150,196)**	(11,859,942)	2,700,602
Subsidiary (Note 8)	**–**	–	6,111,015
Operating income before working capital changes	**1,248,175,221**	1,646,746,587	1,567,198,793
Decrease (increase) in:			
FVPL investments	**896,473,599**	(532,026,162)	106,988,583
Receivables	**133,664,944**	97,878,040	(488,596,128)
Inventories	**(148,158,417)**	126,033,309	(209,639,027)
Prepayments and other current assets	**8,085,481**	(17,781,010)	23,158,663
Increase (decrease) in:			
Accounts payable and accrued expenses	**(110,491,802)**	128,423,365	(101,992,716)
Deferred revenues	**–**	–	(9,469,328)
Cash generated from operations	**2,027,749,026**	1,449,274,129	887,648,840
Income taxes paid	**(324,280,247)**	(320,136,171)	(279,043,797)
Dividends received	**237,686,696**	373,587,490	301,777,821
Interest received	**77,902,962**	133,653,424	98,460,395
Interest paid	**(21,699,183)**	(45,077,734)	(72,666,167)
Retirement benefit contribution (Note 25)	**(13,719,373)**	(22,193,191)	(22,191,914)
Net cash flows from operating activities	**1,983,639,881**	1,569,107,947	913,985,178

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
FVOCI investments (Note 13)	**₱284,642,953**	₱446,651,642	₱102,546,014
Property and equipment (Note 15)	**–**	2,005,966	10,758,435
Long-term investment	**–**	–	9,200,000
Additions to:			
FVOCI investments (Note 13)	**(60,860,417)**	(215,974,577)	(229,382,738)
Property and equipment (Note 15)	**(186,285,160)**	(258,131,927)	(156,220,277)
Investment properties (Note 16)	**–**	(293,595,000)	(1,583,339)
Collection from (advances to) affiliates (Notes 14 and 28)	**91,061,736**	(431,448,061)	3,470,251
Decrease (increase) in other noncurrent assets	**40,824,382**	(4,502,626)	(44,680,957)
Acquisition of associates (Note 14)	**–**	–	(102,945,888)
Net cash flows from (used in) investing activities	**169,383,494**	(754,994,583)	(408,838,499)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of notes payable (Notes 18 and 32)	**28,166,200**	–	450,000,000
Sale of Company shares held by a subsidiary (Note 21)	**–**	359,928,444	–
Availment of long-term debt (Note 32)	**–**	5,124,000	–
Payments of (Note 32):			
Long-term debt (Note 20)	**(275,719,246)**	(635,732,071)	(640,036,621)
Dividends (Note 21)	**(813,500,482)**	(617,229,791)	(575,312,404)
Notes payable (Note 18)	**(5,000,000)**	(250,000,000)	(200,000,000)
Lease liabilities (Note 31)	**(12,038,287)**	(12,309,568)	–
Company shares purchased by a subsidiary (Note 21)	**(285,843,190)**	(118,975,079)	(32,241,091)
Net cash flows used in financing activities	**(1,363,935,005)**	(1,269,194,065)	(997,590,116)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**789,088,370**	(455,080,701)	(492,443,437)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(6,007,280)**	(1,556,110)	2,423,835
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,308,878,255**	2,765,515,066	3,255,534,668
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 9)	**₱3,091,959,345**	₱2,308,878,255	₱2,765,515,066

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

A. Soriano Corporation (Anscor or the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses.

The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded.

The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were authorized for issue by the Board of Directors (BOD) on February 18, 2021.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for debt and equity securities that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group .

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

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

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

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

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

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

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

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

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

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

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

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

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

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

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2021

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

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

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

  The Group shall also disclose information about:

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

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

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the "10 percent" Test for Derecognition of Financial Liabilities*

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- o Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Effective beginning on or after January 1, 2023

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Basis of Consolidation and Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following subsidiaries as at December 31:

		Percentage of Ownership		
	Nature of Business	**2020**	2019	2018
A. Soriano Air Corporation (ASAC, Note 31)	Services/Rental	**100**	100	100
Pamalican Island Holdings, Inc. (PIHI)	Investment Holding	**62**	62	62
Island Aviation, Inc. (IAI, Note 31)	Air Transport	**62**	62	62
Anscor Consolidated Corporation (Anscorcon)	Investment Holding	**100**	100	100
Anscor Holdings, Inc. (AHI, Note 31)	Real Estate Holding	**100**	100	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100	100
Lakeroad Corporation	Real Estate Holding	**100**	100	100
Mainroad Corporation	Real Estate Holding	**100**	100	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100	100
Mountainridge Corporation	Real Estate Holding	**100**	100	100

(Forward)

	Nature of Business	Percentage of Ownership 2020	2019	2018
Rollingview Corporation	Real Estate Holding	**100**	100	100
Timbercrest Corporation	Real Estate Holding	**100**	100	100
Phelps Dodge International Philippines, Inc. (PDIPI, Notes 7 and 31)	Investment Holding	**100**	100	100
Minuet Realty Corporation (Minuet, Note 7)	Landholding	**100**	100	100
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 7 and 31)	Wire Manufacturing	**100**	100	100
PD Energy International Corporation (PDEIC, Note 7)	Wire Manufacturing	**100**	100	100
Sutton Place Holdings, Inc. (Sutton, Note 31)	Investment Holding	**100**	100	100
Cirrus Global, Inc. (CGI, Notes 8 and 31)	Manpower Services	**–**	–	93
Anscor International, Inc. (AI, Note 14)	Investment Holding	**100**	100	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100	100
IQ Healthcare Professional Connection, LLC (IQHPC, Note 31)	Manpower Services	**93**	93	93
AFC Agribusiness Corporation (AAC, Note 16)	Real Estate Holding	**81**	81	81
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 7 and 31)	Villa Project Development	**62**	62	62
Pamalican Resort, Inc. (PRI, Notes 7 and 31)	Resort Operations	**62**	62	62
Summerside Corp. (Summerside)*	Investment Holding	**40**	40	40

**As at December 31, 2020, 2019 and 2018, the Group has 100% beneficial ownership over Summerside.*

Except for AI and its subsidiaries, all the companies above are based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Material Partly-Owned Subsidiaries (SSRLI and PRI)

Set out below are the summarized financial information of entities that have noncontrolling interest (NCI) that is material to the Group. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Significant details of the balance sheets and statements of comprehensive income of SSRLI and PRI are presented below as at and for the years ended December 31 (in millions):

	2020	2019
Balance Sheets:		
Current assets	**₱798.2**	₱925.2
Noncurrent assets	**984.9**	942.8
Current liabilities	**430.5**	502.2
Noncurrent liabilities	**120.9**	135.9
Equity	**1,231.6**	1,229.9
Equity attributable to NCI	**464.3**	463.7

	2020	2019
Statements of Comprehensive Income:		
Revenue	**₱656.4**	₱1,151.0
Income before tax	**14.3**	290.8
Net income	**0.6**	236.1
Other comprehensive income (loss)	**(0.9)**	1.1
Total comprehensive income (loss)	**(0.3)**	237.2
Total comprehensive income (loss) allocated to NCI during the year	**(0.1)**	89.4

	2020	2019
Statements of Cash Flows:		
Cash flows from operations	**₱13.0**	₱449.6
Cash flows used in investing activities	**(181.2)**	(123.6)
Cash flows from (used in) financing activities	**76.4**	(169.1)

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

Investments in Associates
Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining the significant influence are similar to those necessary to determine control over subsidiaries. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The loss is recognized under "Equity in net losses and impairment loss on investments in associates" in the consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit or loss, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

If the Group's interest in an associate is reduced (e.g., through actual sale or deemed disposal), but the investment continues to be classified as an associate, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in the OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

The following are the Group's associates as at December 31:

		Percentage of Ownership		
	Nature of Business	**2020**	2019	2018
Vicinetum Holdings, Inc. (VHI)	Investment Holding	**32**	32	32
Prople Limited (Note 14)	Business Process Outsourcing	**32**	32	32
Fremont Holdings, Inc. (FHI, Note 14)	Real Estate Holding	**26**	26	26
AGP International Holdings Pte Ltd. (AGP-SG, Note 14)	Investment Holding	**21**	21	–
AGP Group Holdings Pte Ltd. (AGP-BVI, formerly AGP International Holdings Ltd. [AGPI], Note 14)	Investment Holding	**–**	–	27
BehaviorMatrix, LLC (BM, Note 14)	Behavior Analytics Services	**21**	21	21
ATRAM Investment Management Partners Corp. (AIMP, Note 14)	Asset Management	**20**	20	20

The principal business location of AIMP, VHI and FHI is in the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in BVI, Singapore, USA and Hong Kong, respectively.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with changes in fair value recognized in the consolidated profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in the consolidated profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Asset Acquisitions
If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as noncontrolling interests.

Disposal Group and Discontinued Operations
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated profit or loss.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated balance sheet based on current/noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is 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 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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

Foreign Currency Translation
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVPL equity instruments are recognized in the consolidated profit or loss.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at the end of reporting period and their statements of profit or loss are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated profit or loss.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Fair Value Measurement

The Group measures financial assets, such as fair value through profit or loss (FVPL) investments and fair value through other comprehensive income (FVOCI) investments, at fair value at each balance sheet date. Also, fair values of investment properties are disclosed.

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 economic best 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVPL financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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.

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.

Initial recognition and measurement of financial instruments
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified at initial recognition as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Classification of financial instruments
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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 fair value through OCI 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 FVOCI 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 FVPL

As at December 31, 2020 and 2019, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets at FVPL

This category includes financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also 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 FVPL, 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 FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL
The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Financial assets at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at December 31, 2020 and 2019, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives amounting to ₱10,022.9 million and ₱11,130.2 million, respectively (see Note 10). No financial liability at FVPL is outstanding as at December 31, 2020 and 2019.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as "Provision for impairment losses" account under "Other income - net" in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, cash equivalents, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

As at December 31, 2020 and 2019, the Group's FVOCI investments include investments in bonds (see Note 13).

(d) Financial liabilities - loans and borrowings

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

As at December 31, 2020 and 2019, included in this category are the Group's notes payable, accounts payable and accrued expenses, lease liabilities, long-term debt and dividends payable.

<u>Impairment of Financial Assets</u>
The Group recognizes an allowance for expected credit loss (ECL) for all debt instruments not held at FVPL. 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.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at 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 to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 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 of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:

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

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in the consolidated profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated profit or loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a ‘new’ financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in the consolidated profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in the consolidated profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents
Cash includes cash on hand and with 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 and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV).

Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method, while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale.

For cable and wire manufacturing, finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined using weighted average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Prepayments
Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

These are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Value Added Tax (VAT)
Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. In case of capital goods, input VAT is spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Property and Equipment
Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of 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, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written off either when disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	30
Leasehold improvements*	5 - 20
Flight, ground, machinery and other equipment	2 - 25
Furniture, fixtures and office equipment	2 - 5
Transportation equipment	3 - 5

**or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Depreciation commences when an asset is in its operational location or working condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Construction in progress (CIP) is stated at cost net of accumulated impairment losses, if any. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes villa development costs and related expenses incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties comprise completed property and property under construction or re-development (land, buildings and condominiums) that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group’s investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated profit or loss in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment, investment properties and investments in associates) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. 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, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated profit or loss.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as at the end of each financial reporting period.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets include restricted cash funds for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Deposits to suppliers in relation to major aircraft maintenance and acquisition of specific property and equipment are also classified as part of other noncurrent assets.

Capital Stock
Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects of retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore, is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and stated at acquisition cost. No gain or loss is recognized in the consolidated profit or loss on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The following specific recognition criteria must be met before revenue is recognized:

Sale of goods
Revenue from the sale of goods is recognized at a point in time when the control over the goods are transferred to the buyer which is generally upon delivery of the goods.

Sale of services
Revenue from rooms is recognized over time based on the actual occupancy of the guests. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Revenue from air transport services is recognized at a point in time when the related services have been substantially performed.

Project management fees and other income
Revenue from project management fees and other income is recognized over time when the control of the services is transferred to the customer, generally on delivery of the services.

Contract Balances

Trade receivables

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

Contract liabilities

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

Other Revenue/Income

Interest

Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends

Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental

Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses

Costs and expenses are recognized in the consolidated profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business and are expensed as incurred. These are generally measured at the amount paid or payable.

Cost of goods sold

The cost of goods sold is recognized as expense when the related goods are sold.

Cost of services rendered

Cost and expenses related to room services and other ancillary services are charged to operations when incurred.

Operating expenses

Operating expenses include selling, and general and administrative expenses that are expensed as incurred.

Other Comprehensive Income

Other comprehensive income comprises of items of income and expense that are not recognized in the consolidated profit or loss for the year in accordance with PFRSs. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category	Number of Years
Building	5 years
Leasehold improvement	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the Group calculates depreciation using the estimated useful life of the asset.

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

Leases Prior to Adoption of PFRS 16 (Effective Before January 1, 2019)
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

The Group as a lessee
Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated profit or loss on a straight-line basis over the lease term.

The Group as a lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has non-contributory defined benefit retirement plans.

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

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

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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 any provision is presented in the consolidated profit or loss, net of any reimbursement. 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 assessments 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 an interest expense.

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

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if:

(a) a legally enforceable right exists to set off current income tax assets against current income tax liabilities; and
(b) deferred income taxes are levied by the same taxation authority on either: the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income and the total comprehensive income attributable to the equity holders of the Parent for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as at December 31, 2020, 2019 and 2018.

Dividends
Dividends are recognized as a liability and deducted from equity when approved by the respective BOD of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of the reporting period.

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

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6.

4. **Significant Accounting Judgments, Estimates and Assumptions**

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

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

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

Determination of functional currency
The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on 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 definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets (see Note 30).

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at December 31, 2020 and 2019, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Assessment of control over the entities for consolidation
The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

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

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Allowance for expected credit losses as at December 31, 2020 and 2019 amounted to ₱753.2 million and ₱678.9 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱2,245.4 million and ₱2,554.9 million as at December 31, 2020 and 2019, respectively (see Notes 11, 14 and 28).

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted equity instruments at fair value, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group (see Note 30).

Unquoted equity investments amounted to ₱1,248.9 million and ₱1,137.1 million as at December 31, 2020 and 2019, respectively (see Note 10).

Impairment of FVOCI debt investments
For FVOCI debt investments, 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 instrument has increased significantly since initial recognition. No impairment loss was recognized in 2020, 2019 and 2018. The carrying value of FVOCI debt investments amounted to ₱94.1 million and ₱330.5 million as at December 31, 2020 and 2019, respectively (see Note 13).

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase the recorded expenses and decrease current assets.

Allowance for inventory losses and obsolescence amounted to ₱84.8 million and ₱83.3 million as at December 31, 2020 and 2019, respectively. The carrying amount of the inventories amounted to ₱1,052.6 million and ₱904.4 million as at December 31, 2020 and 2019, respectively (see Note 12).

Estimation of useful lives of the Group's property and equipment and investment properties
The Group estimates the useful lives of property and equipment and investment properties based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As at December 31, 2020 and 2019, the carrying value of depreciable property and equipment and investment properties amounted to ₱2,629.3 million and ₱2,725.6 million, respectively (see Note 15).

Recoverability of investment in associates
The carrying value of investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next five years, as well as the terminal value at the end of fifth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

The carrying amounts of the investments in associates amounted to ₱316.4 million and ₱995.9 million as at December 31, 2020 and 2019, respectively (see Note 14).

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset 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.

As at December 31, 2020 and 2019, the carrying value of property and equipment and investment properties amounted to ₱2,996.5 million and ₱3,092.8 million, respectively (see Notes 15 and 16).

There is no impairment loss on property and equipment and investment properties for each of the three years in the period ended December 31, 2020 (see Notes 15 and 16).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

As at December 31, 2020 and 2019, the carrying value of goodwill amounted to ₱1,302.3 million (see Note 7).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. As at December 31, 2020 and 2019, the Group recognized gross deferred income tax assets amounting to ₱136.3 million and ₱89.1 million, respectively. The Group has also temporary differences for which the deferred income tax assets are not recognized. Further details of the recognized and unrecognized deferred income tax assets are provided in Note 26.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans, as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net retirement plan asset as at December 31, 2020 and 2019 amounted to ₱91.6 million and ₱84.5 million, respectively. Net retirement benefits payable as at December 31, 2020 and 2019 amounted to ₱56.9 million and ₱32.3 million, respectively. Further details are provided in Note 25.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 25.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in Notes 3 and 33, respectively.

5. Revenue from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the Year Ended December 31, 2020			
	Cable and Wire Manufacturing	**Resort Operations and Villa Development**	**Other Operations***	**Total**
Type of revenues:				
Sale of goods	**₱6,448,195,660**	**₱–**	**₱–**	**₱6,448,195,660**
Services	**–**	**646,324,208**	**121,245,761**	**767,569,969**
Total revenue from contracts with customers	**₱6,448,195,660**	**₱646,324,208**	**₱121,245,761**	**₱7,215,765,629**
Timing of revenue recognition:				
At a point in time	**₱6,448,195,660**	**₱379,854,673**	**₱121,245,761**	**₱6,949,296,094**
Over time	**–**	**266,469,535**	**–**	**266,469,535**
Total revenue from contracts with customers	**₱6,448,195,660**	**₱646,324,208**	**₱121,245,761**	**₱7,215,765,629**

Other Operations include ASAC and AHI.

	For the Year Ended December 31, 2019			
	Cable and Wire Manufacturing	Resort Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱8,208,374,800	₱–	₱–	₱8,208,374,800
Services	–	1,140,941,687	201,448,088	1,342,389,775
Total revenue from contracts with customers	₱8,208,374,800	₱1,140,941,687	₱201,448,088	₱9,550,764,575
Timing of revenue recognition:				
At a point in time	₱8,208,374,800	₱430,653,807	₱201,448,088	₱8,840,476,695
Over time	–	710,287,880	–	710,287,880
Total revenue from contracts with customers	₱8,208,374,800	₱1,140,941,687	₱201,448,088	₱9,550,764,575

Other Operations include ASAC and AHI.

	For the Year Ended December 31, 2018			
	Cable and Wire Manufacturing	Resort Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱8,292,508,630	₱–	₱–	₱8,292,508,630
Services	–	1,100,825,407	213,879,440	1,314,704,847
Total revenue from contracts with customers	₱8,292,508,630	₱1,100,825,407	₱213,879,440	₱9,607,213,477
Timing of revenue recognition:				
At a point in time	₱8,292,508,630	₱392,685,676	₱213,879,440	₱8,899,073,746
Over time	–	708,139,731	–	708,139,731
Total revenue from contracts with customers	₱8,292,508,630	₱1,100,825,407	₱213,879,440	₱9,607,213,477

Other Operations include ASAC and AHI. Financial performance of CGI is included up to the date of disposal.

Contract liabilities
Contract liabilities amounted to ₱54.3 million and ₱52.7 million as at December 31, 2020 and 2019, respectively. These pertain to customer advances received for customer orders (see Note 19). In 2020, 2019 and 2018, the Group recognized revenue from sales of goods and services from the contract liabilities amounting to ₱52.7 million, ₱41.1 million and ₱53.2 million, respectively.

Information about the Group's performance obligations are summarized below:

Sale of goods
The Group enters into contracts to sell with one identified performance obligation, which is satisfied upon delivery of the goods. Receivables are generally collected within 30 to 60 days from the delivery of goods and receipt of invoice.

Villa development project
The performance obligation is satisfied at a point in time and payment is generally received in advance during the construction of the villa clusters.

Resort operations
This pertains to the services provided to the guests which is satisfied over time. Some payments are received in advance from the guests.

6. Segment Information

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered, as discussed below.

- Holding company segment pertains to the operations of the Company.

- Resort Operations segment pertains to the Company's subsidiary providing hotel and resort accommodation, relaxation and entertainment, among others, while Villa Development includes the sale of villa lots, construction of structures and set up of furniture, fixture and equipment. In 2020, 2019 and 2018, the Group has no sale of villa lots and construction of structures.

- Cable and Wire Manufacturing segment pertains to the Company's subsidiaries engaged in manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale, goods such as building wires, power cables, aluminum wires and cables, copper rods, automotive wires and other energy-related goods of electrical nature, including all equipment, materials, supplies used or employed in or related to the manufacture of its finished products.

- Other operations include air transportation, hangarage, real estate holding and management, and recruitment services. On September 28, 2018, the Group sold its interest in Cirrus Global, Inc. which served as the recruitment services segment of the Group (see Note 8).

  Amounts for the investments in associates comprise the Group's equity in net losses and impairment loss.

Majority of the companies within the Group were incorporated and operating within the Philippines. The amounts disclosed were determined consistent with the measurement basis under PFRSs.

The following tables present the financial information of the business segments as at and for the years ended December 31, 2020, 2019 and 2018 (in thousands):

	Before Eliminations						
	Holding Company (Parent)	**Resort Operations and Villa Development**	**Cable and Wire Manufacturing**	**Other Operations[1]**	**Total**	**Eliminations**	**Consolidated**
As at and for the year ended December 31, 2020							
Revenues, excluding interest income[2]	**₱1,533,497**	**₱646,324**	**₱6,448,196**	**₱1,095,519**	**₱9,723,536**	**(₱2,248,661)**	**₱7,474,875**
Interest income	**66,254**	**4,938**	**10,918**	**94**	**82,204**	**–**	**82,204**
Investment gains (losses)	**(730,936)**	**–**	**(2,800)**	**746,378**	**12,642**	**(88,013)**	**(75,371)**
Interest expense	**2,536**	**245**	**16,898**	**4,977**	**24,656**	**(245)**	**24,411**
Income tax expense (benefit from income tax)	**(1,694)**	**13,698**	**284,623**	**2,688**	**299,315**	**(7,995)**	**291,320**
Equity in net losses and impairment loss	**–**	**–**	**–**	**(598,006)**	**(598,006)**	**–**	**(598,006)**
Net income	**569,610**	**626**	**692,026**	**1,138,401**	**2,400,663**	**(2,231,938)**	**168,725**
Total assets	**17,394,215**	**1,783,053**	**4,866,355**	**13,323,536**	**37,367,159**	**(15,764,874)**	**21,602,285**
Investments and advances	**7,623,492**	**–**	**–**	**2,044,491**	**9,667,983**	**(9,349,654)**	**318,329**
Property and equipment	**7,128**	**752,878**	**595,628**	**97,151**	**1,452,785**	**1,028,056**	**2,480,841**
Total liabilities	**565,491**	**551,421**	**833,657**	**3,078,431**	**5,029,000**	**(2,687,105)**	**2,341,895**
Depreciation and amortization	**17,892**	**108,128**	**96,110**	**46,184**	**268,314**	**23,860**	**292,174**
Cash flows from (used in):							
Operating activities	**1,323,066**	**13,038**	**693,227**	**281,550**	**2,310,881**	**(327,241)**	**1,983,640**
Investing activities	**(116,222)**	**(181,208)**	**(62,843)**	**615,788**	**255,515**	**(86,132)**	**169,383**
Financing activities	**(927,351)**	**76,367**	**(406,193)**	**(887,940)**	**(2,145,117)**	**781,182**	**(1,363,935)**

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net losses of associates and impairment loss.*
[2] *Majority of the revenues of the Group were derived in the Philippines.*

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2019							
Revenues, excluding interest income[2]	₱1,657,436	₱1,140,942	₱8,208,375	₱885,568	₱11,892,321	(₱1,967,969)	₱9,924,352
Interest income	111,880	6,856	5,146	596	124,478	–	124,478
Investment gains	856,917	–	890	198,394	1,056,201	107,443	1,163,644
Interest expense	19,100	472	24,994	4,227	48,793	(428)	48,365
Income tax expense	32,285	54,717	341,630	8,737	437,369	(7,995)	429,374
Equity in net losses and impairment loss	–	–	–	(517,090)	(517,090)	–	(517,090)
Net income	2,333,251	236,089	803,960	67,103	3,440,403	(1,502,026)	1,938,377
Total assets	18,716,377	1,867,987	4,571,515	12,428,872	37,584,751	(14,472,331)	23,112,420
Investments and advances	7,284,288	–	–	2,150,520	9,434,808	(8,356,153)	1,078,655
Property and equipment	9,445	761,537	621,795	114,979	1,507,756	1,054,708	2,562,464
Total liabilities	583,560	638,053	967,613	2,812,006	5,001,232	(2,393,670)	2,607,562
Depreciation and amortization	9,194	104,414	85,213	49,224	248,045	24,135	272,180
Cash flows from (used in):							
Operating activities	542,888	449,613	1,133,537	(4,458)	2,121,580	(552,472)	1,569,108
Investing activities	(402,346)	(123,552)	(76,684)	820,614	218,032	(973,027)	(754,995)
Financing activities	(1,082,701)	(169,058)	(660,013)	(833,307)	(2,745,079)	1,475,885	(1,269,194)

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net losses of associates and impairment loss.*
[2] *Majority of the revenues of the Group were derived in the Philippines.*

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2018							
Revenues, excluding interest income[2]	₱1,334,003	₱1,100,825	₱8,292,509	₱1,165,109	₱11,892,446	(₱1,983,455)	₱9,908,991
Interest income	103,635	3,475	1,242	1,164	109,516	–	109,516
Investment gains (losses)	475,201	–	408	(217,002)	258,607	(233,926)	24,681
Interest expense	39,744	–	29,938	3,226	72,908	–	72,908
Income tax expense	50,976	48,287	246,503	9,080	354,846	(7,627)	347,219
Equity in net losses and impairment loss	–	–	–	(262,184)	(262,184)	–	(262,184)
Net income	773,025	235,253	636,442	533,770	2,178,490	(1,273,667)	904,823
Total assets	18,057,699	1,706,722	4,320,601	12,581,118	36,666,140	(14,376,129)	22,290,011
Investments and advances	7,190,993	69,195	–	2,483,424	9,743,612	(8,161,768)	1,581,844
Property and equipment	15,984	778,153	616,372	68,962	1,479,471	1,081,359	2,560,830
Total liabilities	1,030,541	563,953	1,258,638	2,791,694	5,644,826	(2,454,250)	3,190,576
Depreciation and amortization	9,319	101,274	74,118	43,972	228,683	24,137	252,820
Cash flows from (used in):							
Operating activities	638,385	389,597	332,922	50,258	1,411,162	(497,177)	913,985
Investing activities	(127,360)	(66,806)	(61,244)	645,555	390,145	(798,983)	(408,838)
Financing activities	(1,054,270)	(94,746)	(151,429)	(624,515)	(1,924,960)	927,370	(997,590)

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, CGI, IAI and the Group's equity in net losses of associates and impairment loss. Financial performance of CGI is included up to the date of disposal.*
[2] *Majority of the revenues of the Group were derived in the Philippines.*

7. Business Combinations

a. Goodwill represents the excess of acquisition cost of the following subsidiaries over Anscor's share in the fair value of their net assets. As at December 31, 2020 and 2019, the carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) is as follows:

PDP	₱1,202,945,277
SSRLI	99,330,987
	₱1,302,276,264

b. Impairment Testing of Goodwill

i. PDP Group

The recoverable amount of the investments in PDP Group has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period.

The key assumptions used to determine the recoverable amount as at December 31, 2020 and 2019 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rates applied to cash flow projections in 2020 and 2019 are 16.7% and 12.2%, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a long-term growth rate of 4.7% and 3.8% in 2020 and 2019, respectively, and the difference between the discount rate and growth rate.

Growth rate
PDP Group assumed a growth rate of 5.0% in 2020 and -3.0% to 6.0% in 2019. Management used the average industry growth rate for the forecast.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

ii. SSRLI

The recoverable amount of the investments in SSRLI has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used to determine the recoverable amount as at December 31, 2020 and 2019 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections in 2020 and 2019 are 12.8% and 13.3%, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a long-term growth rate of 4.9% and 2.0% in 2020 and 2019, respectively, and the difference between the discount rate and growth rate.

Growth rate
Growth rate assumptions for the five-year cash flow projections in 2020 and 2019 are supported by the different initiatives of SSRLI. SSRLI used 10.5% to 47.7% and 5.0% to 9.3% growth rate in revenue for its cash flow projection in 2020 and 2019, respectively.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

8. Deconsolidated Subsidiary

On September 28, 2018, the Group, through its wholly-owned subsidiary, Sutton, entered into a Share Purchase Agreement with third party individuals, effectively selling the Group's entire shareholdings in CGI equivalent to 93.17% of the latter's total outstanding shares. As a result, the Group consolidated CGI's 2018 statement of comprehensive income up to the date of sale.

Total loss on disposal of CGI recognized in the 2018 consolidated statement of comprehensive income amounted to ₱6.1 million.

9. Cash and Cash Equivalents

	2020	2019
Cash on hand and in banks	**₱2,000,092,020**	₱1,516,027,511
Cash equivalents	**1,091,867,325**	792,850,744
	₱3,091,959,345	₱2,308,878,255

Cash with banks earn interest at the respective bank deposit rates ranging from 0.05%% to 3.50%, 0.20% to 0.75% and 0.25% to 1.60% in 2020, 2019 and 2018, respectively. Cash equivalents with interest rates ranging from 0.19% to 5.75%, 0.88% to 4.00% and 0.36% to 6.50% in 2020, 2019 and 2018, respectively, are made for varying periods of up to three months depending on the immediate cash requirements of the Group (see Note 24).

10. FVPL Investments

	2020	2019
Quoted equity shares	**₱6,481,857,144**	₱7,616,776,828
Funds and equities	**1,319,051,909**	1,131,737,165
Unquoted equity shares	**1,248,944,824**	1,137,142,219
Bonds	**529,582,177**	793,929,295
Proprietary shares	**363,627,073**	367,437,073
Others	**79,809,042**	83,225,493
	₱10,022,872,169	₱11,130,248,073

This account consists of investments that are designated as FVPL and held-for-trading investments. Quoted equity shares consist of marketable equity securities that are listed and traded in the Philippine Stock Exchange (PSE) and Nasdaq Stock Market (NASDAQ). The fair market values of these listed shares are based on their quoted market prices as at December 31, 2020 and 2019, which are assessed to be the exit prices.

Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g., call and put options) that significantly modify the security's cash flow. These investments are classified under bonds.

FVPL investments in bonds represent foreign currency-denominated bond securities with variable and fixed interest rates. The FVPL coupon interest rate per annum ranges from 2.43% to 8.25%, 3.95% to 9.00% and 3.50% to 9.00% in 2020, 2019 and 2018, respectively.

As at December 31, 2020 and 2019, the Group has equity investments amounting to ₱9,493.3 million and ₱10,336.3 million, respectively.

As at December 31, 2019, the Company has FVPL investments amounting to ₱1,524.0 million that are pledged as collateral for its long-term debt. The long-term debt was fully paid in 2020, hence, the pledged shares were released in 2020.

The Group's FVPL unquoted equity shares and significant investment in funds and equities include the following:

a. KSA Realty Corporation (KSA)

   On June 15, 2016, the Company acquired additional shares in KSA amounting to ₱236.5 million. This increased the Company's stake in KSA from 11.30% in 2015 to 14.28% in 2016.

   In 2019 and 2018, the Company recognized ₱80.1 million and ₱188.7 million gain on fair value adjustment in its investment in KSA which is presented in the consolidated profit or loss.

   As at December 31, 2020 and 2019, the Company's investment in KSA amounted to ₱1,021.7 million (see Note 30).

   The Company earned cash dividends from KSA amounting to ₱121.4 million, ₱189.9 million and ₱151.4 million in 2020, 2019 and 2018, respectively.

b. Macquarie ASEAN Technology Investments Holdings II LP (Macquarie)

   On July 13, 2018, the Company invested US$5.0 million (₱267.7 million) in Macquarie, a special purpose vehicle that invested exclusively in shares of Grab Holdings, Inc. (Grab). Grab is a Singapore-based technology company that offers ride-hailing transport services, food delivery and payment solutions through GrabTaxi, GrabFood and GrabPay.

   As at December 31, 2020 and 2019, the carrying value of the investment in Macquarie, inclusive of foreign exchange adjustment, amounted to ₱240.1 million and ₱253.2 million, respectively. Investment in Macquarie is included under "Funds and equities" account.

c. Madaket, Inc. (Madaket)

In May 2017, AI invested US$1.0 million (₱49.7 million) in equity shares at Madaket, the owner of Madaket Healthcare. Madaket developed Electronic Data Interchange Enrollment, a service platform that automates healthcare provider data management processes in the United States.

AI recognized losses in fair value adjustment in its investment in Madaket amounting to ₱16.4 million and ₱13.3 million in 2020 and 2019, respectively. Gain on fair value adjustment recognized in 2018 amounted to ₱21.0 million.

As at December 31, 2020 and 2019, the Group's total investment in Madaket, inclusive of foreign exchange adjustment, amounted to nil and ₱16.7 million, respectively.

d. Element Data, Inc. (Element Data)

In June 2017, AI invested US$1.0 million (₱49.5 million) in Series Seed preferred shares of Element Data, a Seattle, Washington-based Artificial Intelligence Company. Its Decision Intelligence platform incorporates a deep learning knowledge-graph with an active sense-and-response architecture, powering a decision intelligence engine that understands complex interdependencies between data and people.

In October 2017, Element Data acquired all of the intellectual property of the Group's investment in BM, an associate of the Group.

In December 2017, AI invested additional US$1.0 million (₱50.6 million) in Series Seed preferred shares of Element Data.

In 2019, AI invested additional US$0.5 million (₱26.4 million) in Element Data.

In 2019 and 2018, AI recognized losses on fair value adjustment amounting to ₱26.7 million and ₱12.0 million, respectively, in its investment in Element Data.

Total investment carrying value in Element Data amounted to nil as at December 31, 2020 and 2019.

e. Navegar I LP (Navegar I)

In March 2013, AI invested US$0.6 million (₱26.4 million) in Navegar I, a limited partnership established to acquire substantial minority position through privately negotiated investments in equity and equity-related securities of Philippine companies that are seeking growth capital and/or expansion capital.

In July 2017, AI invested additional US$0.07 million (₱3.6 million).

In October 2018, the partial disposal of Navegar I's investments resulted to the return of capital and gain amounting to US$0.3 million (₱13.4 million) and US$0.8 million (₱43.5 million), respectively.

In 2020, 2019 and 2018, AI recognized losses on fair market value adjustment in its investment in Navegar I amounting to ₱2.4 million, ₱2.2 million and ₱20.2 million, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to ₱21.5 million and ₱24.7 million as at December 31, 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the Group's remaining capital commitment to be called for Navegar I amounted to US$0.06 million and US$0.07 million, respectively.

f. Navegar II LP (Navegar II)

In 2019, AI committed to invest US$10.0 million in Navegar II. AI invested US$1.0 million (₱46.5 million) and US$0.2 million (₱10.1 million) in 2020 and 2019, respectively.

In 2020, AI recognized gains on fair market value adjustment in its investment in Navegar II amounting to ₱14.2 million.

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to ₱71.3 million and ₱11.7 million as at December 31, 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the Group's remaining capital commitment to be called for Navegar II amounted to US$8.8 million and US$9.0 million, respectively.

g. Sierra Madre Philippines I LP (Sierra Madre)

In 2017, AI entered into an equity investment agreement with Sierra Madre, a newly formed private equity fund staffed by experienced local operators and private equity professionals. The fund will focus on providing growth capital to small and mid-sized Philippine companies.

In 2020, 2019 and 2018, AI made additional investments to Sierra Madre amounting to US$1.1 million (₱52.8 million), US$0.9 million (₱48.0 million) and US$1.0 million (₱50.4 million), respectively. The Group's total commitment to Sierra Madre amounted to US$9.0 million, of which US$5.7 million remain uncalled as at December 31, 2020.

In 2020, AI recognized gains on fair value adjustment amounting to ₱23.2 million. In 2019 and 2018, AI recognized losses on fair value adjustment amounting to ₱31.1 million and ₱3.3 million, respectively.

As at December 31, 2020 and 2019, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to ₱134.4 million and ₱62.3 million, respectively.

Net gains (losses) on increase (decrease) in market value of FVPL investments as at December 31 are as follows (in millions):

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2020	2019	in 2020
Quoted equity shares	**₱2,613.9**	**₱3,084.1**	**(₱470.2)**
Unquoted equity shares	**491.2**	**456.6**	**34.6**
Proprietary shares	**321.7**	**325.5**	**(3.8)**
Bonds	**(17.8)**	**(17.3)**	**(0.5)**
Funds and equities	**44.9**	**(15.7)**	**60.6**
Others	**3.7**	**(1.4)**	**5.1**
Total	**3,457.6**	**3,831.8**	**(374.2)**
Add realized gain on sale of FVPL investments			**297.7**
Net loss on decrease in market value of FVPL investments			**(₱76.5)**

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2019	2018	in 2019
Quoted equity shares	₱3,084.1	₱2,242.3	₱841.8
Unquoted equity shares	456.6	487.5	-30.9)
Proprietary shares	325.5	282.4	43.1
Bonds	(17.3)	(54.9)	37.6
Funds and equities	(15.7)	(41.8)	26.1
Others	(1.4)	(7.6)	6.2
Total	3,831.8	2,907.9	923.9
Add realized gain on sale of FVPL investments			227.9
Net gain on increase in market value of FVPL investments			₱1,151.8

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2018	2017	in 2018
Quoted equity shares	₱2,242.3	₱2,357.6	(₱115.3)
Unquoted equity shares	487.5	280.7	206.8
Proprietary shares	282.4	179.6	102.8
Bonds	(54.9)	(16.9)	(38.0)
Funds and equities	(41.8)	(9.8)	(32.0)
Others	(7.6)	1.5	(9.1)
Total	2,907.9	2,792.7	115.2
Less realized loss on sale of FVPL investments			(81.7)
Net gain on increase in market value of FVPL investments			₱33.5

There were no outstanding forward transactions as at December 31, 2020, 2019 and 2018.

11. **Receivables**

	2020	2019
Trade	**₱1,834,935,681**	₱1,782,362,910
Tax credits/refunds	**157,463,279**	143,954,166
Receivables from villa owners	**42,023,200**	17,341,766
Interest receivable	**26,191,265**	24,518,133
Dividends receivable	**21,422,305**	–

(Forward)

	2020	2019
Note receivable	**₱–**	₱238,905,000
Others	**30,723,619**	17,071,649
	2,124,408,698	2,236,686,792
Less allowance for expected credit losses	**188,415,857**	114,084,174
	₱1,935,992,841	₱2,122,602,618

Trade receivables are noninterest-bearing and are normally settled on a 30 to 60-day term.

Note receivable pertains to a one-year convertible note and security agreement entered on August 1, 2018 with Powersource Group Holdings Corporation (Powersource) to provide a pre-development support and pre-development funding for the projects of Powersource. The Company may exercise its option to convert the note into common shares upon execution of subscription agreement within the agreed time frame or to convert the loan and all outstanding interest on maturity date. The interest on the loan shall be six percent (6%) per annum, which shall accrue beginning from the issuance of the loan and be due and payable every end of the quarter.

On July 31, 2019, the Company amended the convertible loan and security agreement with Powersource by extending the maturity of the loan to February 1, 2020. On February 19, 2020, Powersource paid the outstanding note receivable. Total interest income recognized in the consolidated profit or loss amounted to ₱2.0 million and ₱14.3 million in 2020 and 2019, respectively (see Note 24).

Receivables from villa owners pertain to SSRLI's net rental share and handling fees and reimbursable expenses such as guest supplies and other amenities, operating supplies, utilities, manpower, laundry services and other expenses for villa maintenance.

Interest receivable pertains to accrued interest income from cash and cash equivalents, notes receivable, FVPL and FVOCI investments in debt instruments.

Movements in the allowance for expected credit losses of trade and other receivable accounts are as follows:

		2020	
	Trade	**Interest and Others**	**Total**
At January 1	**₱111,659,921**	**₱2,424,253**	**₱114,084,174**
Provision for the year (Note 24)	**75,243,352**	**–**	**75,243,352**
Recoveries (Note 24)	**(77,734)**	**–**	**(77,734)**
Write-off	**–**	**(833,935)**	**(833,935)**
At December 31	**₱186,825,539**	**₱1,590,318**	**₱188,415,857**

		2019	
	Trade	Interest and Others	Total
At January 1	₱70,818,417	₱2,424,253	₱73,242,670
Provision for the year (Note 24)	40,841,504	–	40,841,504
At December 31	₱111,659,921	₱2,424,253	₱114,084,174

12. **Inventories**

	2020	2019
At cost:		
Materials in transit	**₱136,335,376**	₱24,379,166
Raw materials	**55,450,436**	92,365,315
Aircraft parts in transit	**40,089,414**	22,402,096
Food and beverage	**13,502,886**	15,266,566
Reel inventory	**8,195,616**	7,791,270
	253,573,728	162,204,413
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱23.7 million in 2020 and ₱22.1 million in 2019	**445,390,570**	376,609,807
Work in process - net of allowance for inventory obsolescence of ₱11.0 million in 2020 and 2019	**115,572,063**	148,090,979
Raw materials - net of allowance for inventory obsolescence of ₱2.8 million in 2020 and 2019	**113,082,152**	113,294,068
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱37.2 million in 2020 and ₱37.3 million in 2019	**66,223,633**	61,808,329
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of ₱9.5 million in 2020 and 2019	**58,138,235**	41,814,368
Construction-related materials - net of allowance for inventory obsolescence of ₱0.6 million in 2020 and 2019	**605,556**	605,556
	799,012,209	742,223,107
	₱1,052,585,937	₱904,427,520

Net provision for inventory obsolescence recognized in 2020 and 2019, which was recorded under "Materials used and changes in inventories", amounted to ₱1.5 million and ₱1.4 million, respectively. Net reversals for inventory obsolescence recognized in 2018 amounted to ₱2.6 million (see Note 22).

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as at December 31, 2020 and 2019.

Operating supplies pertain to inventory items used in providing services such as printing, cleaning and office and guest supplies.

Construction-related materials are excess materials and supplies from Villa Development Project. These are held for use in other construction of villa or future repair or renovation of villas.

Inventories charged to cost of goods sold and services sold amounted to ₱4,675.9 million, ₱6,207.8 million and ₱6,664.8 million in 2020, 2019 and 2018, respectively (see Note 22).

13. **FVOCI Investments**

	2020	2019
Current portion	**₱–**	₱94,535,324
Noncurrent portion	**94,137,422**	235,949,189
	₱94,137,422	₱330,484,513

FVOCI investments in bonds represent the following:

a. Foreign currency-denominated bond securities are subject to variable and fixed coupon interest rate per annum ranging from 4.00% to 5.95% in 2020, 4.00% to 7.38% in 2019 and 3.00% to 7.38% in 2018. Maturity dates range from May 3, 2022 to July 31, 2024 for bonds held as at December 31, 2020 and March 17, 2020 to July 31, 2024 for bonds held as at December 31, 2019.

b. Geothermal Project

   In January 2014, a loan and investment agreement was entered by the Company with SKI Construction Company, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power) and San Juan Geothermal Power, Inc. (San Juan Power), collectively referred to as Red Core Group to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Renewable Energy Service Contract (GRESC). Under this agreement, the Company committed to lend up to ₱172.0 million for the exploration phase of the three sites.

   The Company may choose to convert each note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company opts not convert the note within the agreed time frame, these notes will accrue interest until they mature 62 months from the initial drawdown date.

   In 2017, the Company recognized ₱82.9 million impairment loss, bringing the investment balance to nil as at December 31, 2020 and 2019.

   In March 2018, the Company filed before the Regional Trial Court of Makati City a civil case for specific performance in order to compel Red Core Group to comply with the provisions of the loan and investment agreement signed by the parties. On November 23, 2020, the Court partially granted the Motion for Summary Judgment filed by the Company. As at February 18, 2021, the case is still ongoing.

In 2020 and 2019, gain on sale of FVOCI investments amounted to ₱1.2 million and ₱11.9 million, respectively. In 2018, loss on sale of FVOCI investments amounted to ₱2.7 million.

Below is the rollforward of the unrealized valuation gains (losses) on FVOCI investments recognized in equity:

	2020	2019
Beginning balance	**₱8,739,689**	(₱8,128,524)
Gain (loss) recognized directly in equity - net of tax	**(5,412,803)**	25,170,172
Amount removed from equity and recognized in consolidated statement of comprehensive income - net of tax	**(805,137)**	(8,301,959)
Ending balance	**₱2,521,749**	₱8,739,689

14. **Investments and Advances**

	2020	2019
Investments at equity - net of valuation allowance	**₱316,374,056**	₱995,882,967
Advances - net of allowance for expected credit losses of ₱564.8 million in 2020 and 2019	**1,955,259**	82,772,036
	₱318,329,315	₱1,078,655,003

Investments at equity consist of:

	2020	2019
Acquisition cost		
Common shares	**₱2,549,574,872**	₱2,549,574,872
Preferred shares	**4,348,973**	6,448,973
Total	**2,553,923,845**	2,556,023,845
Accumulated equity in net losses and impairment loss	**(2,431,887,467)**	(1,833,880,993)
Effect of foreign exchange differences	**194,337,678**	273,740,115
	₱316,374,056	₱995,882,967

The significant transactions involving the Group's investments in associates in 2020 and 2019 follow:

AGP-SG and AGP-BVI

In December 2011, AI entered into a subscription agreement with AGPI for US$5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note.

The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the "conversion price"); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

AGPI is a BVI business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated. AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries. In 2018, the Group decided to focus on the development and construction of LNG terminals, transportation assets and platforms to deliver natural gas to end-customers and its related business (the "LNG Business") gas logistics due to the identified opportunity to combine the Group's expertise in liquefied natural gas (LNG) industry and decades-long experience in modular construction.

On June 28, 2013, AI converted the US$5.0 million Convertible Bridge Notes to 16.4 million Series B, voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI amounting to US$40.0 million for the subscription of 83.9 million Series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increased AI's holdings to 27%, giving the Group significant influence over AGPI.

In 2018, AGPI merged with AGP-BVI, its subsidiary, with the latter being the surviving entity. The Group retained its 27% ownership in AGP-BVI and its preference shares were converted to common shares upon the merger.

On July 1, 2019, AGP-BVI entered into a share swap agreement with AGP-SG to make the latter the sole owner of the former.

On July 22, 2019, AGP-SG obtained additional equity investment from new investors which effectively decreased the Group's interest in AGP-SG from 27% to 21%. The Group assessed that it still has significant influence over AGP-SG.

The principal place of business of AGP-SG is 600 North Bridge Road, Parkview Square, Singapore.

The total acquisition cost of the investment in AGP-SG amounted to ₱2.0 billion. The Group recognized an impairment loss of ₱232.3 million (after considering the effect of dilution) in 2019 (nil in 2020 and 2018). In 2020, 2019 and 2018, the Group recognized equity in net losses amounting to ₱601.0 million, ₱294.1 million and ₱266.6 million, respectively. The unrecognized share in net losses of AGP-SG as at December 31, 2020 amounted to ₱417.1 million. The Group is not committed to contribute to AGP-SG for any losses in excess of the cost of the investment.

As at December 31, 2020 and 2019, the carrying value of the investment amounted to nil and ₱682.5 million, respectively.

The following are the significant financial information of AGP-SG as at and for the years ended December 31, 2020 and 2019 (in millions):

	2020	2019
Balance Sheets*:		
Current assets	**₱6,125.2**	₱7,737.0
Noncurrent assets	**13,657.9**	15,793.1
Current liabilities	**9,391.9**	6,896.5
Noncurrent liabilities	**8,348.6**	6,253.4
Equity	**2,042.4**	10,491.6
Statements of Comprehensive Income*:		
Revenue	**₱4,646.9**	₱9,063.1
Loss before tax	**4,859.0**	1,257.1
Net loss	**4,952.4**	1,239.6

**Based on the latest available unaudited financial information.*

AIMP

In 2013, the Company invested ₱18.8 million in 15,000,000 common shares and ₱18.8 million in 18,750,000 cumulative, non-voting, redeemable and non-convertible preferred shares in AIMP. These investments gave the Company a total of 10% interest in the entity.

On July 6, 2017, the Company invested additional ₱91.3 million equivalent to 15,000,000 common shares, resulting to an increase in ownership from 10% to 20%, which allowed the Company to exercise significant influence over AIMP.

On December 22, 2017, AIMP redeemed the 12,300,000 preferred shares held by the Company for ₱15.6 million, inclusive of dividends accumulating to the Company amounting to ₱3.3 million.

As at December 31, 2020 and 2019, the carrying value of the investment in AIMP amounted to ₱138.7 million and ₱134.3 million, respectively.

AIMP reported net income amounting to ₱23.3 million, ₱48.1 million and ₱33.1 million in 2020, 2019 and 2018, respectively. The Group recognized equity in net earnings amounting to ₱4.4 million, ₱9.8 million and ₱5.2 million in 2020, 2019 and 2018, respectively.

FHI
On November 22, 2017, the Company and a stockholder of FHI, entered into a conditional deed of sale for the Company's purchase of 12.75% stake in FHI. The Company made an advance payment of ₱77.4 million for the said transaction.

On April 2, 2018, the advance payment of ₱77.4 million was reclassified under "Investments at equity-net of valuation allowance" upon transfer of 37,636,615 shares to the Company. On the same date, the Company entered into a deed of sale for the acquisition of 37,636,613 common shares in FHI for a total consideration of ₱103.0 million. The additional purchase of shares resulted to an increase in ownership interest from 12.75% to 25.5%.

In 2019, the Company made a cash advance to FHI amounting to ₱80.6 million, which was paid FHI in 2020. FHI also provided in 2020 a cash advance to the Company amounting to ₱27.8 million, which is presented under "Accounts payable and accrued expenses" (see Note 19).

As at December 31, 2020 and 2019, the carrying value of the investment and advances in FHI amounted to ₱177.6 million and ₱259.6 million, respectively.

FHI reported net loss amounting to ₱5.5 million, ₱2.1 million and ₱7.2 million in 2020, 2019 and 2018, respectively. The Group recognized equity in net losses amounting to ₱1.4 million, ₱0.5 million and ₱0.8 million in 2020, 2019 and 2018, respectively.

BM
In October 2011, AI entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constituted 10% of the total Series A preferred units outstanding. In the first quarter of 2012, all of AI's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's parent company. Predictive is a US-based early-stage technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the-art mathematics that allow it to measure and quantify emotions associated with digital content.

In July 2015, AI made an additional investment of US$0.5 million (₱22.5 million). In March 2016, AI invested an additional US$0.44 million (₱20.5 million) through a convertible note. In October 2016, Predictive merged with BM, its subsidiary, with the latter being the surviving company. As part of the restructuring of BM, the convertible notes and accrued interest were converted to equity on the same date and AI invested an additional US$0.81 million (₱39.2 million) for a 20.5% shareholding in BM. The increased ownership allowed AI to exercise significant influence over BM.

In 2016, AI provided impairment loss on its investment in BM amounting to ₱62.2 million.

As at December 31, 2020 and 2019, the net carrying value of AI's investment in BM amounted to nil.

Prople Limited
In November 2013, AI invested US$4.0 million (₱175.9 million) convertible notes in Prople Limited. In August 2015 and February 2016, AI purchased Tranche C notes of Prople Limited amounting to US$0.5 million (₱22.6 million) and US$0.2 million (₱10.6 million), respectively. These notes are convertible at the option of the holder into common shares of Prople Limited. The interest is 5% for the first three years and if not converted on the third anniversary of closing date (i.e., November 18, 2016, the

conversion date), the interest will be the prevailing five-year US Dollar Republic of the Philippines (ROP), plus 400 basis points or 7%, whichever is higher for the next two years.

In February 2016, AI converted the notes to equity, giving AI a 32% equity stake and a significant influence over Prople Limited.

In prior years, the Group recognized impairment loss on the investment in Prople Limited.

In 2020, Prople Limited redeemed the preference shares held by the Group amounting to ₱10.1 million.

As at December 31, 2020 and 2019, the net carrying value of AI's investment in Prople Limited amounted to nil.

The Group has no share in the contingent liabilities of any associates as at December 31, 2020 and 2019.

15. Property and Equipment

	2020					
	Land, Buildings and Improvements	**Flight, Ground, Machineries and Other Equipment**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
January 1	**₱2,750,296,452**	**₱1,218,414,151**	**₱518,630,125**	**₱217,613,260**	**₱48,538,970**	**₱4,753,492,958**
Additions	**44,739,147**	**24,065,790**	**40,653,475**	**11,201,836**	**65,624,912**	**186,285,160**
Reclassification	**32,641,921**	**56,689,840**	**4,318,178**	**5,266,262**	**(98,916,201)**	**–**
Retirement/disposals	**–**	**–**	**(1,542,946)**	**(6,913,882)**	**–**	**(8,456,828)**
December 31	**2,827,677,520**	**1,299,169,781**	**562,058,832**	**227,167,476**	**15,247,681**	**4,931,321,290**
Accumulated Depreciation and Amortization						
January 1	**895,832,760**	**721,854,452**	**418,332,114**	**155,010,019**	**–**	**2,191,029,345**
Depreciation and amortization (Note 22)	**78,427,433**	**101,681,052**	**53,265,998**	**34,532,868**	**–**	**267,907,351**
Retirement/disposals	**–**	**–**	**(1,542,946)**	**(6,913,882)**	**–**	**(8,456,828)**
December 31	**974,260,193**	**823,535,504**	**470,055,166**	**182,629,005**	**–**	**2,450,479,868**
Net Book Value	**₱1,853,417,327**	**₱475,634,277**	**₱92,003,666**	**₱44,538,471**	**₱15,247,681**	**₱2,480,841,422**

	2019					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱2,722,844,921	₱1,063,069,548	₱510,404,741	₱221,735,321	₱20,172,856	₱4,538,227,387
Additions	22,029,912	91,129,913	36,278,461	10,691,218	98,002,423	258,131,927
Reclassification	5,421,619	64,214,690	–	–	(69,636,309)	–
Retirement/disposals	–	–	(28,053,077)	(14,813,279)	–	(42,866,356)
December 31	2,750,296,452	1,218,414,151	518,630,125	217,613,260	48,538,970	4,753,492,958
Accumulated Depreciation and Amortization						
January 1	843,544,117	613,174,917	377,454,085	143,223,831	–	1,977,396,950
Depreciation and amortization (Note 22)	52,288,643	108,679,535	68,931,106	26,599,467	–	256,498,751
Retirement/disposals	–	–	(28,053,077)	(14,813,279)	–	(42,866,356)
December 31	895,832,760	721,854,452	418,332,114	155,010,019	–	2,191,029,345
Net Book Value	₱1,854,463,692	₱496,559,699	₱100,298,011	₱62,603,241	₱48,538,970	₱2,562,463,613

Construction in progress includes cost of the on-going construction of the land and building improvements and cost of assembling machineries and equipment.

Depreciation amounted to ₱267.9 million, ₱256.5 million and ₱252.8 million in 2020, 2019 and 2018, respectively (see Note 22).

16. Investment Properties

	2020		
	Land	**Condominium**	**Total**
Cost			
January 1 and December 31	**₱238,010,571**	**₱293,595,000**	**₱531,605,571**
Accumulated Depreciation and Amortization			
January 1	**–**	**1,223,313**	**1,223,313**
Depreciation and amortization (Note 22)	**–**	**14,679,749**	**14,679,749**
December 31	**–**	**15,903,062**	**15,903,062**
Net Book Value	**₱238,010,571**	**₱277,691,938**	**₱515,702,509**

	2019		
	Land	**Condominium**	**Total**
Cost			
January 1	₱238,104,974	₱–	₱238,104,974
Additions	–	293,595,000	293,595,000
Reclassification	(94,403)	–	(94,403)
December 31	238,010,571	293,595,000	531,605,571
Accumulated Depreciation and Amortization			
January 1	–	–	–
Depreciation and amortization (Note 22)	–	1,223,313	1,223,313
December 31	–	1,223,313	1,223,313
Net Book Value	₱238,010,571	₱292,371,687	₱530,382,258

The Group's investment properties include 144.4 hectares of land in Palawan, 36.9 hectares of land in Cebu, and 97.4 hectares of land in Guimaras. Condominium pertains to the two (2) commercial condominium units purchased by the Company in 2019 and are held for lease to other parties and associate. The aggregate fair value of these investment properties as at December 31, 2020 amounted to ₱3.88 billion.

Fair valuation of the land properties was performed by professionally qualified, SEC-accredited and independent appraiser as at October 2019 to January 2020. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are either for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties. Under Department of Agrarian Reform (DAR) rules, AAC has to complete the development on the Guimaras land by September 2018. On November 11, 2018, DAR approved the Group's request for extension to develop the property within a non-extendible period of five years from the receipt of order or until December 6, 2023. The notice of order was received by the Group on December 7, 2018.

The fair value of the condominium units was arrived at through the use of the "Income Approach," particularly the "Discounted Cash Flow Analysis" which is a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property being valued. In an operating property, periodic cash flow is typically estimated as gross revenue less operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value, anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. The fair value of the condominium units is categorized as Level 3. The highest and best use of these properties is for leasing.

The Group recognized rental income of ₱12.3 million and ₱1.0 million from these investment properties in 2020 and 2019, respectively (nil in 2018) (see Note 31).

The aggregate direct expenses pertaining to real property taxes, condominium dues and depreciation expense amounted to ₱19.2 million, ₱1.9 million and ₱0.4 million, in 2020, 2019 and 2018, respectively.

17. **Other Noncurrent Assets and Other Noncurrent Liabilities**

The Group's other noncurrent assets comprise the following as of December 31:

	2020	2019
Fund for villa operations and capital expenditures (Note 31)	**₱95,921,673**	₱107,790,478
Deposit to suppliers	**77,124,777**	101,610,508
Computer software - net of accumulated depreciation of ₱11.0 million and ₱8.9 million as of December 31, 2020 and 2019, respectively	**7,009,910**	8,887,115
Property development in progress (Note 31)	**3,679,290**	3,676,224
Refundable deposits	**1,426,368**	1,426,368
Others	**4,743,667**	255,738
	₱189,905,685	₱223,646,431

Deposits to suppliers include advances to suppliers for the maintenance of IAI's aircraft and for the acquisition of specific property and equipment.

Fund for villa operations and capital expenditures is a restricted cash fund of PRI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated balance sheets (see Note 31).

Other noncurrent liabilities amounted to ₱111.4 million and ₱148.0 million as at December 31, 2020 and 2019, respectively, which include the related liability for the fund asset of PRI recognized above and other liabilities arising from funds for future infrastructure and utility development of villas and funds for replacement of power generating units and desalination plant.

18. Notes Payable

Notes payable as at December 31, 2020 represent unsecured, short-term, interest-bearing liabilities of IAI amounting to ₱23.2 million. The Group has no outstanding notes payable as at December 31, 2019.

Details of the Group's short-term borrowing transactions are as follows:

a. In January and February 2020, IAI obtained a loan from a bank amounting to ₱10.17 million and ₱18.00 million, respectively. The amount loaned from the bank was used for the additional working capital of IAI. The loans have interest initially fixed at 5% subject to review and resetting by the bank every 30 days based on prevailing market rates at such time of review and resetting. On January 11, 2021, the loan was rolled-over for another year.

b. PDP availed loans from a local bank totaling to ₱450.0 million in 2018. Terms of the loans is 32 to 58 days with rates ranging from 3.5% to 5.7%.

c. Total interest expense from these loans recognized in the consolidated profit or loss amounted to ₱1.2 million, ₱0.5 million and ₱2.3 million in 2020, 2019 and 2018, respectively (see Note 24).

d. The Group's unavailed loan credit line from banks amounted to ₱3,191.4 million and ₱3,329.6 million as at December 31, 2020 and 2019, respectively.

19. Accounts Payable and Accrued Expenses

	2020	2019
Trade payables	**₱294,839,235**	₱310,878,102
Refundable deposits	**191,960,889**	211,118,416
Accruals for:		
Personnel expenses	**146,090,331**	157,422,592
Utilities	**11,746,688**	9,781,344
Taxes and licenses	**4,770,416**	12,891,586
Handling	**4,523,000**	4,657,689
Others (Note 33)	**20,607,651**	45,651,554
Payable to villa owners	**54,862,856**	55,560,904
Contract liabilities (Note 5)	**54,286,065**	52,693,634
Payable to a related party (Note 14)	**27,805,900**	–
Payable to contractors	**19,848,123**	17,049,237
Payable to government agencies	**19,558,046**	36,517,947
Other payables (Note 33)	**6,921,567**	17,097,152
	₱857,820,767	₱931,320,157

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Other accrued expenses include unpaid operating costs of the Group.

Refundable deposits mainly pertain to advance payments made by guests.

Contract liabilities pertain to the customers' advances for the delivery of goods and services.

Payable to contractors are amounts due to suppliers for ongoing and completed construction projects.

20. **Long-term Debt**

The Group's outstanding long-term debt from local banks pertain to the following companies:

	2020	2019
PDP Energy	**₱227,142,857**	₱378,571,428
IAI	**–**	10,440,675
Anscor	**–**	114,295,500
	227,142,857	503,307,603
Less current portion	**151,428,571**	276,164,746
	₱75,714,286	₱227,142,857

a. On June 24, 2013, the Company obtained a loan amounting to US$45.0 million or ₱1,997.8 million to finance the additional investments in shares of stock of AGPI. The loan is payable quarterly in seven years, inclusive of a two-year grace period and bears interest equal to outstanding three-month LIBOR rate plus 2.0% spread per annum. The loan is secured by pledge to the Company's investments in listed shares with market value amounting to ₱1,524.0 million as at December 31, 2019 (see Note 10). This loan provides for certain affirmative and negative covenants, such as the use of the proceeds of the loan, maintenance at all times of the required collateral value of no less than 100% of the outstanding loan balance, not allow the Company's debt-to-equity ratio to exceed 1.75:1 and the Company's current ratio to fall below 1.25:1, among others. The loan agreement further provides that in the event that these ratios are violated specifically by reason of any additional indebtedness with maturity exceeding one year, the Company shall notify the bank in writing of such indebtedness. As at December 31, 2019, the Company is in compliance with the debt covenants. In 2020, the Company fully paid the loan and accordingly, the pledge over the shares of stock was released.

b. In 2015, PDP Energy obtained a long-term loan to partially fund the ₱1.5 billion cash dividend paid to Anscor. Principal amount of the loan amounted to ₱1.2 billion payable in seven years with annual interest of 4.5%, subject to repricing at the end of the fifth year.

   PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks except for working capital requirement; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2020 and 2019, PDP Energy is in compliance with the debt covenants.

   In addition, the long-term loan is secured by the following collaterals, among others:

   - Real estate mortgage over the land owned by Minuet;
   - Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy and PDEI's premises;
   - Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
   - Assignment of leasehold rentals of the properties located in PDP Energy's premises.

On December 19, 2016, the pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor was released by the bank.

The long-term loan also provides for pretermination without penalty.

c. In 2014, IAI converted the short-term loan amounting to US$1.1 million (₱47.0 million) to long-term loan. The term of the loan is six years, inclusive of one year grace period on principal payments. The loan is payable in 20 equal quarterly installments on principal repayment date commencing at the end of the first quarter of the grace period.

   The loan is subject to Mortgage Trust Indenture or "MTI" dated November 29, 2005 between SSRLI and the MTI trustee (AB Capital and Investment Corporation), covering a portion of the assets of SSRLI.

   The interest rate shall be equivalent to the base interest rate plus margin. The interest shall be payable quarterly in arrears computed based on the outstanding balance of the loan.

   This loan was settled in full in May 2020.

   Total interest expense recognized in the consolidated profit or loss amounted to ₱19.2 million, ₱44.4 million and ₱70.5 million in 2020, 2019 and 2018, respectively (see Note 24).

21. Equity

Equity holders of the Parent

Capital stock as at December 31, 2020 and 2019 consists of the following common shares:

	Number of Shares	Amount
Authorized	3,464,310,958	₱3,464,310,958
Issued	2,500,000,000	2,500,000,000

On February 19, 2020, the Company's BOD approved the amendment of its Articles of Incorporation (AOI) wherein authorized capital stock of 5,000,000 common shares (par value of ₱1.00 per share) amounting to ₱5.0 million will be reclassified to 500,000,000 preferred shares (par value of ₱0.01 per share) amounting to ₱5.0 million. In August 2020, the Company applied for the amendment of the AOI with the SEC and this is still for approval of the SEC as at February 18, 2021.

Outstanding shares, net of shares held by a subsidiary, as at December 31, 2020 and 2019 totaled 1,227,570,239 and 1,250,127,754, respectively. The Company's equity holders as at December 31, 2020 and 2019 is 11,074 and 11,087, respectively.

The Philippine SEC authorized the offering/sale to the public of the Company's 10.0 million and 140.0 million common shares with par value of ₱1.00 each on December 29, 1948 and January 17, 1973, respectively. On August 30, 1996, the Philippine SEC authorized the licensing of 910,476,302 common shares at the subscription price of ₱2.50 per share.

In 2020, 2019 and 2018, the Company declared the following cash dividends:

	2020	2019	2018
Month of declaration	**March**	February and November	February
Cash dividend per share	**₱0.75**	₱0.25 and ₱0.25	₱0.50
Total cash dividends	**₱1,875.0 million**	₱1,250.0 million	₱1,250.0 million
Share of a subsidiary	**₱937.4 million**	₱634.6 million	₱641.4 million

As at December 31, 2020 and 2019, the Company's dividends payable amounted to ₱366.1 million and ₱284.0 million, respectively. Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as at December 31, 2020 and 2019 due to problematic addresses of some of the Company's stockholders.

The Company's BOD approved the following appropriation of the Company's unrestricted retained earnings:

Date of Appropriation	Amount
2011	₱2,100,000,000
2013	900,000,000
2014	1,600,000,000
2015	1,700,000,000
2016	850,000,000
	₱7,150,000,000

The appropriation will be used for the Company's investment program within the next three years on business activities related to tourism, business process outsourcing and manufacturing, whether based in the Philippines or offshore.

Appropriations in 2011 and 2013 were extended in 2017. Appropriations in 2014 and 2015 were extended in 2018 and 2019, respectively.

On November 11, 2020, the BOD approved the extension of the appropriation of retained earnings totaling ₱7,150.0 million for another three years.

The unappropriated retained earnings is restricted for the dividend declaration by the following:

- Balance of gross deferred income tax assets amounting ₱136.3 million and ₱89.1 million as at December 31, 2020 and 2019, respectively.
- Shares in the undistributed retained earnings of subsidiaries amounting to ₱3.7 billion and ₱3.2 billion as at December 31, 2020 and 2019, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Shares held by a subsidiary
As at December 31, 2020 and 2019, Anscorcon holds 1,272,429,761 shares and 1,249,872,246 shares, respectively, of the Company. Anscorcon purchased the Company's shares amounting to ₱285.8 million (22,557,515 shares) and ₱119.0 million (17,783,600 shares) in 2020 and 2019, respectively. In 2019, Anscorcon sold 56.0 million Company shares for ₱359.9 million.

22. Cost of Goods Sold, Cost of Services Rendered and Operating Expenses

Cost of goods sold consists of:

	2020	2019	2018
Materials used and changes in inventories (Note 12)	**₱4,654,071,070**	₱6,182,201,800	₱6,634,879,313
Salaries, wages and employee benefits (Note 23)	**108,218,705**	123,726,961	110,439,330
Depreciation and amortization (Note 15)	**92,478,983**	81,236,323	78,937,284
Repairs and maintenance	**75,010,253**	103,648,290	88,279,128
Utilities	**72,743,297**	81,758,417	83,013,181
Transportation and travel	**6,045,156**	7,842,844	6,708,026
Security services	**5,992,989**	5,023,323	4,726,837
Insurance	**2,127,082**	2,143,719	2,027,792
Others	**7,000,700**	2,707,310	1,538,398
	₱5,023,688,235	₱6,590,288,987	₱7,010,549,289

Cost of services rendered consists of:

	2020	2019	2018
Resort operating costs	**₱101,363,691**	₱160,436,397	₱146,884,223
Salaries, wages and employee benefits (Note 23)	**50,926,678**	65,974,344	72,475,563
Depreciation and amortization (Note 15)	**28,521,875**	39,749,485	37,966,471
Materials and supplies - resort operations (Note 12)	**21,855,679**	25,548,530	29,910,544
Transportation and travel	**18,045,475**	53,711,346	38,946,171
Fuel cost	**16,956,751**	35,731,780	44,173,953
Repairs and maintenance	**9,122,274**	30,384,808	31,336,351
Commissions	**7,191,262**	15,313,975	17,201,564
Insurance	**6,063,533**	4,515,573	4,887,652
Outside services	**726,978**	1,142,487	1,383,256
Others	**7,928,253**	14,550,117	12,342,441
	₱268,702,449	₱447,058,842	₱437,508,189

Operating expenses consist of:

	2020	2019	2018
Salaries, wages and employee benefits (Note 23)	**₱292,989,341**	₱343,715,912	₱347,286,847
Depreciation and amortization (Notes 15, 16 and 31)	**171,173,222**	151,194,031	135,916,449
Advertising, marketing and management fee (Note 31)	**92,191,957**	151,367,555	150,804,663
Shipping and delivery expenses	**72,923,630**	89,675,097	82,775,651
Taxes and licenses	**72,842,002**	55,210,882	48,090,154
Utilities	**63,194,782**	79,746,977	76,226,590
Repairs and maintenance	**61,348,628**	56,982,751	51,645,741
Professional and directors' fees	**37,395,138**	49,816,241	72,891,128
Transportation and travel	**24,703,019**	47,347,552	46,524,779
Insurance	**23,278,643**	21,649,585	22,997,892
Security services	**20,457,933**	21,220,110	20,613,634
Commissions	**19,791,818**	34,019,789	30,268,954
Communications	**13,399,461**	12,719,346	12,230,631
Donation and contribution	**10,026,883**	9,618,796	6,632,200
Meetings and conferences	**8,299,842**	8,820,470	7,459,777
Association dues	**7,769,547**	8,113,533	7,808,276
Office supplies	**6,817,298**	6,786,878	6,097,933
Entertainment, amusement and recreation	**6,692,946**	6,122,508	6,923,568

(Forward)

	2020	2019	2018
Medical expenses	**₱3,805,958**	₱8,984,153	₱5,171,806
Trainings	**2,676,059**	2,059,633	1,064,914
Computer programming	**2,546,436**	13,450,049	6,177,406
Rental (Note 31)	**1,612,537**	160,736	7,773,918
Contract maintenance	**835,145**	1,314,420	1,619,259
Others	**34,878,189**	37,708,623	39,381,446
	₱1,051,650,414	₱1,217,805,627	₱1,194,383,616

In 2020, 2019 and 2018, the Company paid bonus to its non-executive directors amounting to ₱14.0 million, ₱4.6 million and ₱10.7 million, respectively.

As approved in 2004, the directors are given bonus representing no more than 1.0% of previous year's net income of the Company.

23. Personnel Expenses

	2020	2019	2018
Salaries and wages	**₱381,286,501**	₱348,909,427	₱422,082,781
Pension costs (Note 25)	**18,123,185**	13,203,358	37,124,451
Social security premiums and other employee benefits	**52,725,038**	171,304,432	70,994,508
	₱452,134,724	₱533,417,217	₱530,201,740

In 2020, 2019 and 2018, the Group declared and paid bonuses to its executive officers amounting to ₱65.5 million, ₱37.0 million and ₱51.8 million, respectively.

Annual bonus of no more than 3.0% of the preceding year's net income is given to executive officers of the Company as approved in 2004.

24. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2020	2019	2018
Debt instruments (Notes 10 and 13)	**₱47,215,234**	₱75,190,235	₱75,378,770
Cash and cash equivalents (Note 9)	**15,417,105**	34,410,510	26,825,911
Others (Note 11)	**19,571,484**	14,877,290	7,311,466
	₱82,203,823	₱124,478,035	₱109,516,147

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.2 million, ₱1.8 million and ₱0.8 million in 2020, 2019 and 2018, respectively.

Interest expense arose from the following:

	2020	2019	2018
Long-term debt (Note 20)	**₱19,230,512**	₱44,390,418	₱70,524,251
Lease liabilities (Note 31)	**2,711,954**	3,286,888	–
Notes payable (Note 18)	**1,215,914**	495,072	2,293,068
Others	**1,252,758**	192,245	91,052
	₱24,411,138	₱48,364,623	₱72,908,371

Other income (charges) consists of:

	2020	2019	2018
Receipt of escrow fund and tax refund	**₱83,967,456**	₱88,301,725	₱38,640,000
Provision for impairment losses on:			
Receivables (Note 11)	**(75,243,352)**	(40,841,504)	(15,430,275)
Other current and noncurrent assets	**–**	(910,582)	(1,599,246)
Recovery of impairment losses (Notes 11 and 14)	**10,322,694**	–	7,632,131
Rental income (Note 31)	**12,579,912**	2,909,532	8,566,268
Gain on rent concession (Note 31)	**3,917,535**	–	–
Gain on sale of property	**550,920**	526,784	448,832
Claims and other refunds	**–**	–	54,024,733
Others	**15,105,025**	18,866,131	(12,574,068)
	₱51,200,190	₱68,852,086	₱79,708,375

Others included ASAC's reimbursement from lessees and reversal of accrued expenses.

In relation to the sale of Cirrus, an amount in escrow was established to which the Group will be entitled to receive over a period of three years until 2020, subject to certain conditions. In 2020 and 2019, the Group received the escrow fund while in 2018, the Group received the tax refund.

25. Pension

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. The benefits to be received by the officers and employees under the pension plans shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641.

The funds are administered by trustee banks under the control and supervision of the Board of Trustees (BOT) of the pension plans, who is composed of the executive officers of the Company.

The Group contributes to the funds as required under accepted actuarial principles to maintain the plan in sound condition and reserves the right to discontinue, suspend or change the rate and amount of its contribution to the funds at any time.

Funding Policy

The Group contributes to the plans amounts (estimated by an actuary on the basis of reasonable actuarial assumptions) which are necessary to provide the defined benefits. No member is required to make any contribution to the plans. Contributions to the plans are determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future in respect of services in the current period. The past service cost (PSC) is the present value of the units of benefits payable in the future in respect of services rendered prior to valuation date.

The Group's management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group's current strategic investment strategy consists of 40% of equity instruments and 60% of debt instruments.

As at December 31, 2020 and 2019, the Company's defined benefit retirement fund (Fund) has investments in shares of stock of the Company with a cost of ₱413.6 million and ₱405.8 million, respectively. The fair value of the shares of stock amounted to ₱420.4 million and ₱400.7 million as at December 31, 2020 and 2019, respectively.

All of the fund's investing decisions are made by the BOT of the pension plans. The retirement benefit fund's total losses and gains arising from the changes in market prices amounted to ₱31.0 million gain and ₱8.3 million loss in 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the Fund's fair value amounted to ₱551.8 million and ₱492.6 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated profit or loss and the funded status and amounts recognized in the consolidated balance sheets.

	2020	2019	2018
Retirement benefit cost:			
Current service cost	**₱20,555,238**	₱17,562,357	₱22,420,634
Net interest	**(2,432,053)**	(4,358,999)	(3,508,392)
Past service cost	**–**	–	18,212,209
Net benefit expense (Note 23)	**₱18,123,185**	₱13,203,358	₱37,124,451
Actual return on plan assets	**₱46,900,559**	₱38,309,338	(₱11,890,805)

Changes in net retirement plan asset are as follows:

	2020	2019	2018
Net retirement plan asset, beginning	**₱84,470,839**	₱65,391,589	₱93,706,684
Current service cost	**(12,178,895)**	(11,281,011)	(16,376,425)
Net interest	**4,034,196**	5,115,853	3,113,413
	(8,144,699)	(6,165,158)	(13,263,012)
Actuarial changes arising from:			
Changes in financial assumptions	**(15,731,936)**	(21,613,963)	19,895,193
Experience adjustments	**3,213,923**	13,906,841	(5,457,343)
Changes in the effect of asset ceiling	**(1,514,499)**	10,662,932	443,348
Remeasurement of plan assets	**21,595,526**	4,002,083	(34,561,863)
Changes in demographic adjustments	**–**	2,205,744	–
	7,563,014	9,163,637	(19,680,665)
Contribution	**7,723,176**	16,196,994	17,143,550
Transfer to net retirement payable	**–**	(116,223)	(12,514,968)
Net retirement plan asset, end	**₱91,612,330**	₱84,470,839	₱65,391,589

Changes in net retirement benefits payable are as follows:

	2020	2019	2018
Net retirement benefits payable, beginning	**(₱32,252,060)**	(₱12,858,113)	(₱9,184,074)
Current service cost	**(8,376,343)**	(6,281,346)	(6,044,209)
Net interest	**(1,602,143)**	(756,854)	394,979
Past service cost	**–**	–	(18,212,209)
	(9,978,486)	(7,038,200)	(23,861,439)
Actuarial changes arising from:			
Changes in financial assumptions	**(18,812,882)**	(14,606,935)	11,954,837
Experience adjustments	**(3,225,553)**	(5,868,754)	(6,466,368)

(Forward)

	2020	2019	2018
	2020	2019	2018
Remeasurement of plan assets	**₱1,377,734**	₱1,997,522	(₱4,137,703)
Changes in the effect of asset ceiling	–	10,000	–
	(20,660,701)	(18,468,167)	1,350,766
Contribution	**5,996,197**	5,996,197	5,048,364
Transfer from net retirement asset	–	116,223	12,514,968
Reduction in net retirement benefits payable for disposed subsidiary (Note 8)	–	–	1,273,302
Net retirement benefits payable, end	**(₱56,895,050)**	(₱32,252,060)	(₱12,858,113)

Computation of net retirement plan assets (liabilities):

2020

	Net Retirement Plan Assets	**Net Retirement Liabilities**	**Total**
Present value of defined benefit obligation	**(₱338,630,793)**	**(₱155,157,639)**	**(₱493,788,432)**
Fair value of plan assets	**453,554,056**	**98,262,589**	**551,816,645**
Surplus (deficit)	**114,923,263**	**(56,895,050)**	**58,028,213**
Effect of the asset ceiling	**(23,310,933)**	–	**(23,310,933)**
Retirement plan assets (liabilities)	**₱91,612,330**	**(₱56,895,050)**	**₱34,717,280**

2019

	Net Retirement Plan Assets	Net Retirement Liabilities	Total
Present value of defined benefit obligation	(₱301,273,798)	(₱118,259,807)	(₱419,533,605)
Fair value of plan assets	406,707,993	85,891,524	492,599,517
Surplus (deficit)	105,434,195	(32,368,283)	73,065,912
Effect of the asset ceiling	(20,847,133)	–	(20,847,133)
Transfer to (from) net retirement payable (asset)	(116,223)	116,223	–
Retirement plan assets (liabilities)	₱84,470,839	(₱32,252,060)	₱52,218,779

Changes in the present value of defined benefit obligation:

	2020	2019
Defined benefit obligation, beginning	**₱419,533,605**	₱353,810,481
Current service cost	**20,555,238**	17,562,357
Interest cost	**20,545,945**	25,864,951
Remeasurement in other comprehensive income:		
Actuarial loss - changes in financial assumptions	**34,544,818**	36,220,898
Actuarial loss (gain) - experience adjustments	**11,630**	(8,038,087)
Actuarial gain - changes in demographic assumptions	–	(2,205,744)
Benefits paid from plan assets	**(1,402,804)**	(3,681,251)
Defined benefit obligation, ending	**₱493,788,432**	₱419,533,605

Changes in the fair value of plan assets:

	2020	2019
Fair value of plan assets, beginning	**₱492,599,517**	₱435,778,239
Interest income	**23,927,299**	32,309,733
Contributions	**13,719,373**	22,193,191
Remeasurement gain	**22,973,260**	5,999,605
Benefits paid from plan assets	**(1,402,804)**	(3,681,251)
Fair value of plan assets, ending	**₱551,816,645**	₱492,599,517

Changes in the effect of asset ceiling:

	2020	2019
Beginning balance	**₱20,847,133**	₱29,434,282
Changes in the effect of asset ceiling	**1,514,499**	(10,672,932)
Interest on the effect of asset ceiling	**949,301**	2,085,783
Ending balance	**₱23,310,933**	₱20,847,133

The fair value of plan assets as at December 31 are as follows:

	2020	2019
Debt instruments	**₱399,277,206**	₱349,396,318
Equity instruments	**140,111,138**	119,177,159
Unit investment trust funds	**5,062,219**	7,495,552
Cash and cash equivalents	**847,289**	13,744,563
Others	**6,518,793**	2,785,925
	₱551,816,645	₱492,599,517

The financial instruments with quoted prices in active market amounted to ₱914.6 million and ₱836.8 million as at December 31, 2020 and 2019, respectively. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the Company, PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2020	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	**+100 bps**	**(₱20,570,429)**
	-100 bps	**23,424,647**
Future salary increases	**+100 bps**	**22,970,819**
	-100 bps	**(20,582,214)**

2019	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱16,044,671)
	-100 bps	18,182,116
Future salary increases	+100 bps	18,107,055
	-100 bps	(16,273,402)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the subsidiaries except PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2020	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	**+100 bps**	**(₱1,294,462)**
	-100 bps	**1,472,413**
Future salary increases	**+100 bps**	**1,435,394**
	-100 bps	**(1,288,486)**

2019	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱970,425)
	-100 bps	1,095,421
Future salary increases	+100 bps	1,088,780
	-100 bps	(982,737)

The Group expects to make contributions amounting to ₱29.5 million to its defined benefit pension plans in 2021.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2020	2019
Discount rate	**1.92% to 3.78%**	3.87% to 5.61%
Future salary increases	**3.00% to 5.00%**	3.00% to 5.00%

The weighted average duration of the defined benefit obligation as at December 31, 2020 and 2019 ranges from 1.4 to 11.8 years and 2.0 to 11.9 years, respectively.

Shown below is the maturity analysis of the expected future benefit payments as at December 31, 2020:

Year	Amount
2021	₱269,958,009
2022	8,883,645
2023	18,130,662
2024	23,821,551
2025	17,580,730
2026 to 2030	154,368,191

There were no changes from the previous period in the method and assumptions used in preparing the sensitivity analysis.

26. Income Taxes

The provision for (benefit from) income tax consists of:

	2020	2019	2018
Current	**₱332,501,209**	₱419,419,841	₱316,870,929
Deferred	**(41,181,668)**	9,953,813	30,347,637
	₱291,319,541	₱429,373,654	₱347,218,566

The components of the net deferred income tax assets (liabilities) are as follows:

	2020		2019	
	Net Deferred Income Tax Assets[1]	**Net Deferred Income Tax (Liabilities)[2]**	Net Deferred Income Tax Assets[1]	Net Deferred Income Tax (Liabilities)[2]
Recognized in the consolidated profit or loss:				
Deferred income tax assets on:				
Allowance for expected credit losses	**₱71,134,320**	**₱–**	₱48,561,315	₱–
Allowance for inventory obsolescence and losses	**23,625,259**	**–**	23,163,435	–
Retirement benefits payable	**16,387,929**	**–**	9,409,769	–
Accrued expenses	**2,833,564**	**–**	2,952,554	–
Unamortized past service cost	**2,052,372**	**926,771**	2,558,158	926,771
Unrealized foreign exchange loss	**553,075**	**11,165,712**	295,134	–
Market adjustment on FVPL investments	**12,155**	**–**	12,155	–
Others	**7,586,490**	**–**	1,195,368	–
	124,185,164	**12,092,483**	88,147,888	926,771
Deferred income tax liabilities on:				
Retirement plan assets	**(260,619)**	**(5,586,651)**	–	(4,724,625)
Unrealized foreign exchange gains	**–**	**–**	–	(9,722,141)
Uncollected management fee	**–**	**(7,711,376)**	–	(8,419,202)
Fair value adjustment	**–**	**(308,417,058)**	–	(316,412,386)
Market adjustment on FVPL investments	**–**	**(137,093,780)**	–	(120,310,966)
	(260,619)	**(458,808,865)**	–	(459,589,320)
	123,924,545	**(446,716,382)**	88,147,888	(458,662,549)
Recognized in other comprehensive income:				
Deferred income tax assets (liabilities) on:				
Unrealized valuation gains on FVOCI investments	**–**	**(1,080,750)**	–	(2,633,436)
Cumulative actuarial gains	**72,955**	**(20,594,624)**	(991,875)	(18,016,711)
	72,955	**(21,675,374)**	(991,875)	(20,650,147)
	₱123,997,500	**(₱468,391,756)**	₱87,156,013	(₱479,312,696)

[1] *Pertain to PDP, SSRLI, ASAC and AHI*
[2] *Pertain to Anscor and Anscorcon*

There are deductible temporary differences for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not probable. These deductible temporary differences are as follows:

	2020	2019
Allowances for:		
Impairment losses	**₱1,883,617,238**	₱1,883,617,238
Expected credit losses	**564,800,000**	564,800,000
NOLCO	**196,022,196**	169,370,238
MCIT	**8,808,089**	8,725,100
Accrued pension benefits and others	**2,379,668**	3,538,754
Provision for probable losses and lawsuits	–	5,721,158

The Company and other subsidiaries domiciled in the Philippines are subjected to the Philippine statutory tax rate of 30% in 2020, 2019 and 2018.

The reconciliation of provision for income tax computed at the statutory tax rates to provision for income tax is as follows:

	2020	2019	2018
Provision for income tax at statutory tax rates	**₱138,013,361**	₱710,325,095	₱375,612,585
Additions to (reductions from) income taxes resulting from:			
Dividend income not subject to income tax	**(72,379,100)**	(108,395,002)	(83,477,245)
Decrease (increase) in market values of marketable equity securities and other investments subjected to final tax	**216,649,877**	(233,588,466)	167,752,492
Income tax at 5% GIT	**(17,975,832)**	(85,665,018)	(37,443,654)
Movement in unrecognized deferred income tax assets	**19,854,703**	87,384,190	(48,177,801)
Expired NOLCO and MCIT	**37,133,055**	7,085,291	53,808,275
Nontaxable income	**(218,673,569)**	(13,687,406)	(142,280,407)
Interest income already subjected to final tax	**(1,458,413)**	(2,556,510)	(3,114,226)
Equity in net losses of associates not subject to income tax	**179,401,942**	85,449,941	78,655,241
Nondeductible loss on sale of a subsidiary	–	–	2,724,000
Others	**10,753,517**	(16,978,461)	(16,840,694)
	₱291,319,541	₱429,373,654	₱347,218,566

The Group has available NOLCO and MCIT which can be claimed as deduction from taxable income and as credit against income tax due, respectively, as follows:

NOLCO

Period of Recognition	Availment Period	Amount	Additions	Applied	Expired	Balance
2017	2018-2020	₱118,310,227	₱–	₱–	(₱118,310,227)	₱–
2018	2019-2021	31,228,922	–	–	–	31,228,922
2019	2020-2022	19,831,089	–	–	–	19,831,089
2020	2021-2025	–	144,962,185	–	–	144,962,185
		₱169,370,238	₱144,962,185	₱–	(₱118,310,227)	₱196,022,196

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Hence, the incurred NOLCO of the Group in taxable year 2020 can be claimed as deduction from the regular taxable income from taxable years 2021 to 2025, in pursuant to the Bayanihan to Recover As One Act.

MCIT

Period of Recognition	Availment Period	Amount	Additions	Applied	Expired	Balance
2017	2018-2020	₱1,639,987	₱–	₱–	(₱1,639,987)	₱–
2018	2019-2021	3,218,932	–	–	–	3,218,932
2019	2020-2022	3,866,181	–	–	–	3,866,181
2020	2021-2023	–	1,722,976	–	–	1,722,976
		₱8,725,100	₱1,722,976	₱–	(₱1,639,987)	₱8,808,089

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act

In February 2021, the Bicameral Conference Committee of both the Senate and the Congress have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act", which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making them time-bound, targeted and performance-based. Once the approved bill is submitted to the Office of the President for approval, the President can either approve or veto the fully enrolled bill; or approve or veto only certain provisions of the bill. If the bill is approved or the 30-day time period for the Office of the President to veto the bill has lapsed, the bill will then be enacted as a law.

The key changes of the submitted CREATE bill for approval are as follows:

- Effective July 1, 2020, RCIT rate is decreased from 30% to 20% for corporations with total assets of ₱100.0 million or below and taxable income of ₱5.0 million and below. All other corporations not meeting the criteria will be subject to lowered RCIT rate of 25% from 30%;
- Effective July 1, 2020 and for a period of 3 years, MCIT rate will lowered from 2% to 1% of gross income; and
- Improperly accumulated earnings tax of 10% will be repealed.

The RCIT and MCIT applied in the preparation of the Group's financial statements as at and for the year December 31, 2020 are based on the substantially enacted tax rates existing as of the balance sheet date which are 30% RCIT and 2% MCIT. Should the CREATE bill be subsequently enacted as a law prior to the filing deadline of the 2020 annual income tax return on April 15, 2021 and the retrospective effectivity beginning July 1, 2020 for both RCIT and MCIT are carried in the enacted bill, the excess accrued RCIT and MCIT as of the balance sheet date will be considered as reversal of accrual in 2021.

27. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2020	2019	2018
Net income attributable to equity holders of the Parent	**₱165,646,806**	₱1,843,615,322	₱808,386,813
Total comprehensive income (loss) attributable to equity holders of the Parent	**(24,105,756)**	1,741,633,291	857,889,362
Weighted average number of shares	**1,241,967,264**	1,207,960,035	1,215,525,163
Earnings (Loss) Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	**₱0.13**	₱1.53	₱0.67
Basic/diluted, for comprehensive income (loss) attributable to equity holders of the Parent	**(₱0.02)**	₱1.44	₱0.71

The Company does not have potentially dilutive common stock equivalents in 2020, 2019 and 2018.

28. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

All related party transactions exceeding ₱5.0 million in a single transaction or in aggregate transactions within the last twelve (12) months shall be disclosed to and evaluated by the Related Party Transaction Committee for approval by at least majority of the BOD.

All material related party transactions, representing 10% or more of the consolidated total assets of the Group, shall be approved by at least two-thirds (2/3) vote of the BOD, with at least majority of the independent directors voting to approve the material related party transactions. These transactions shall be disclosed with the SEC.

In the normal course of business and in addition to those disclosed in Notes 14 and 31, the Group grants/ receives cash advances to/from its associates and affiliates.

Compensation of the Group's key management personnel (in millions):

	2020	2019	2018
Short-term employee benefits (Notes 22 and 23)	**₱146.4**	₱116.1	₱166.8
Retirement benefits (Notes 22, 23 and 25)	**4.4**	5.7	6.9
Total	**₱150.8.8**	₱121.8	₱173.7

There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

On November 4, 2019, the Company granted a five-year loan amounting to ₱363.5 million to A. Soriano Corporation Retirement Plan (the Retirement Plan) at 5% interest per annum. The loan is secured by the Company's shares of stock held by the Retirement Plan with a fair value of ₱369.6 million and ₱359.2 million as at December 31, 2020 and 2019, respectively.

The balance of the loan amounted to ₱307.5 million and ₱349.5 million as at December 31, 2020 and 2019, respectively.

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable, lease liabilities and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:
a) maintaining a bond portfolio that earns adequate cash yields, and
b) maintaining a stable equity portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, price risk of mutual funds, foreign currency risk, copper rod price risk, and operating and regulatory risks. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Treasurer and Corporate Development Officer, and an independent consultant. The Committee meets at least every quarter for the review and evaluation. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit risk exposures

The table below shows the gross maximum exposure for each class of financial assets before the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2020	2019
Cash in banks	**₱1,999,052,241**	₱1,514,820,487
Cash equivalents	**1,091,867,325**	792,850,744
FVPL investments - bonds	**529,582,177**	793,929,295
FVOCI investments - bonds	**94,137,422**	330,484,513
Advances	**566,755,259**	647,572,036
	4,281,394,424	4,079,657,075
Receivables:		
Trade	**1,834,935,681**	1,782,362,910
Notes receivable	**307,499,741**	588,404,741
Receivable from villa owners	**42,023,200**	17,341,766
Interest receivable	**26,191,265**	24,518,133
Dividend receivable	**21,422,305**	–
Advances to employees	**11,649,349**	12,533,168
Others	**30,723,619**	17,071,649
	2,274,445,160	2,442,232,367
	₱6,555,839,584	₱6,521,889,442

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

		Days Past Due But Not Impaired					
December 31, 2020	**Current**	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**More than 120 days**	**Total**
Expected credit loss rate	**0%-0.01%**	**0%-2.90%**	**0%-7.12%**	**0%-14.39%**	**0%-9.00%**	**0%-82.88%**	
Estimated total gross carrying amount at default	**₱1,009,364,877**	**₱423,482,894**	**₱130,759,432**	**₱35,983,385**	**₱67,311,653**	**₱168,033,440**	**₱1,834,935,681**
Expected credit loss	**₱9,082,737**	**₱16,119,934**	**₱8,548,094**	**₱5,137,721**	**₱10,741,952**	**₱137,195,101**	**₱186,825,539**

		Past Due But Not Impaired					
December 31, 2019	Current	Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	Total
Expected credit loss rate	0%-0.90%	0%-3.03%	0%-7.15%	0%-14.46%	0%-27.11%	0%-56.49%	
Estimated total gross carrying amount at default	₱1,092,381,017	₱346,870,324	₱116,292,945	₱63,710,057	₱61,779,281	₱101,329,286	₱1,782,362,910
Expected credit loss	₱9,629,208	₱10,515,683	₱8,313,714	₱9,212,078	₱16,749,058	₱57,240,180	₱111,659,921

Other financial assets
Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments.

The tables below present the summary of the Group's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

2020	**12-month ECL**	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Cash in banks	**₱1,999,052,241**	**₱–**	**₱–**	**₱1,999,052,241**
Cash equivalents	**1,091,867,325**	**–**	**–**	**1,091,867,325**
FVOCI investments	**94,137,422**	**–**	**–**	**94,137,422**
Receivables:		**–**		
Notes receivable	**307,499,741**	**–**	**–**	**307,499,741**
Receivable from villa owners	**42,023,200**	**–**	**–**	**42,023,200**
Interest receivable	**25,600,170**	**–**	**591,095**	**26,191,265**
Dividends receivable	**21,422,305**	**–**	**–**	**21,422,305**
Advances to employees	**11,649,349**	**–**	**–**	**11,649,349**
Others	**29,724,396**	**–**	**999,223**	**30,723,619**
Advances	**1,955,259**	**–**	**564,800,000**	**566,755,259**
	₱3,624,931,408	**₱–**	**₱566,390,318**	**₱4,191,321,726**

2019	12-month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
Cash in banks	₱1,514,820,487	₱–	₱–	₱1,514,820,487
Cash equivalents	792,850,744	–	–	792,850,744
FVOCI investments	330,484,513	–	–	330,484,513
Receivables:				
Notes receivable*	588,404,741	–	–	588,404,741
Interest receivable	23,927,038	–	591,095	24,518,133
Receivable from villa owners	17,341,766	–	–	17,341,766
Advances to employees	12,533,168	–	–	12,533,168
Others	15,238,491	–	1,833,158	17,071,649
Advances	82,772,036	–	564,800,000	647,572,036
	₱3,378,372,984	₱–	₱567,224,253	₱3,945,597,237

**Including noncurrent portion amounting to ₱349.5 million*

Liquidity risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

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. This is done by primarily investing in highly liquid investments.

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted contractual payments as well as the financial assets used for liquidity management.

December 31, 2020	**Within 6 Months**	**6 to 12 Months**	**Over 1 Year to 5 Years**	**Over 5 Years**	**Total**
Cash on hand and in banks	**₱2,000,092,020**	**₱–**	**₱–**	**₱–**	**₱2,000,092,020**
Cash equivalents	**1,091,867,325**	**–**	**–**	**–**	**1,091,867,325**
FVPL investments - bonds	**15,367,360**	**–**	**234,142,476**	**280,072,341**	**529,582,177**
FVOCI investments - bonds	**–**	**–**	**94,137,422**	**–**	**94,137,422**
Receivables*	**1,778,529,562**	**–**	**–**	**307,499,741**	**2,086,029,303**
	₱4,885,856,267	**₱–**	**₱328,279,898**	**₱587,572,082**	**₱5,801,708,247**
Accounts payable and accrued expenses**	**₱783,976,656**	**₱–**	**₱–**	**₱–**	**₱783,976,656**
Lease liabilities	**4,674,146**	**4,790,999**	**17,668,271**	**–**	**27,133,416**
Notes payable	**23,166,200**	**–**	**–**		**23,166,200**
Long-term debt	**52,548,086**	**98,880,485**	**75,714,286**	**–**	**227,142,857**
Dividends payable	**366,069,163**	**–**	**–**	**–**	**366,069,163**
	₱1,230,434,251	**₱103,671,484**	**₱93,382,557**	**₱–**	**₱1,427,488,292**

* *Excluding non-financial assets amounting to ₱157.5 million. Notes receivable amounting to ₱307.5 million is included.*
** *Excluding non-financial liabilities amounting to ₱73.8 million.*

December 31, 2019	Within 6 Months	6 to 12 Months	Over 1 Year to 5 Years	Over 5 Years	Total
Cash on hand and in banks	₱1,516,027,511	₱–	₱–	₱–	₱1,516,027, 511
Cash equivalents	792,850,744	–	–	–	792,850,744
FVPL investments - bonds	128,863,357	–	532,866,257	132,199,681	793,929,295
FVOCI investments - bonds	94,535,324	–	235,949,189	–	330,484,513
Receivables*	1,782,362,910	196,285,542	–	349,499,741	2,328,148,193
	₱4,314,639,846	₱196,285,542	₱768,815,446	₱481,699,422	₱5,761,440,256
Accounts payable and accrued expenses**	₱837,059,115	₱5,049,461	₱–	₱–	₱842,108,576
Lease liabilities	6,831,334	6,831,334	30,076,723	–	43,739,391
Long-term debt	143,302,711	132,862,035	227,142,857	–	503,307,603
Dividends payable	283,974,578	–	–	–	283,974,578
	₱1,271,167,738	₱144,742,830	₱257,219,580	₱–	₱1,673,130,148

* *Excluding non-financial assets amounting to ₱144.0 million. Notes receivable amounting to ₱349.5 million is included.*
** *Excluding non-financial liabilities amounting to ₱89.2 million.*

Accounts payable and accrued expenses, dividends payable, lease liabilities, notes payable and current portion of long-term debt are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, foreign currency risk, copper rod price risk and operating and regulatory risk.

Investments exposed to market risk are foreign and local currency-denominated quoted debt instruments, foreign and local-currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

Cash flow 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.

The following table demonstrates management's best estimate of the sensitivity to reasonably possible change in interest rates, with all other variables held constant (in millions):

Floating Debt Instrument	Change in Interest Rates [in Basis Points (bps)]	Effect on Income Before Tax and Equity Increase (Decrease)
2020	**+150**	**₱0.52**
	-150	**(0.52)**
2019	+150	(₱1.06)
	-150	1.06

The sensitivity analysis shows the effect on the consolidated profit or loss of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets and financial liabilities held as at December 31, 2020 and 2019. There is no other impact on equity other than those affecting profit or loss.

Fair value interest rate risk
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 accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax and equity of the estimated future bond yields using a duration based sensitivity approach. Items affecting profit or loss are bonds classified as FVPL and items affecting equity account are bonds classified as FVOCI. The impact of change in interest rates are as follows (in millions):

	Change in	Increase (Decrease)	
2020	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	**+100**	**₱–**	**(₱1.10)**
	-100	**–**	**1.14**
FVPL investments	**+100**	**(₱23.81)**	**₱–**
	-100	**26.04**	**–**

	Change in	Increase (Decrease)	
2019	Interest Rates (in bps)	Effect on Income Before Tax	Effect on Equity
FVOCI investments	+100	₱–	(₱5.09)
	-100	–	5.31
FVPL investments	+100	(₱14.75)	₱–
	-100	18.20	–

b. Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the PSE and NASDAQ.

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future return of the stock investments using a Beta-based sensitivity approach. The impact of the change in equity prices are as follows (in millions):

FVPL Investments	Change in PSE Price Index	Effect on Income Before Tax and Equity Increase (Decrease)
2020		
	+33.14%	**₱1,165.59**
	-33.14%	**(1,165.59)**
2019	+14.47%	₱375.18
	-14.47%	(375.18)

The annual standard deviation of the PSE price index is approximately with 33.14% and 14.47% and with 99% confidence level, the possible change in PSE price index could be +/- 33.14% and +/- 14.47% in 2020 and 2019, respectively.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

The sensitivity analysis demonstrates management's best estimate of the impact of reasonably possible change in NAV, with all other variables held constant.

The table below shows the impact on income before income tax and equity of assumed changes in NAV. A negative amount in the table reflects a potential reduction on income before income tax or equity while a positive amount reflects a potential increase on income before income tax or equity.

The impact of the change in mutual fund prices are as follows (in millions):

Mutual Funds	Change in NAV	Effect on Income Before Tax and Equity Increase (Decrease)
2020	**+10.00%**	**₱282.54**
	-10.00%	**(282.54)**
2019	+10.00%	₱81.10
	-10.00%	(81.10)

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency-denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency - denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Australian dollar and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies.

On borrowings, it is the Company's group-wide policy for its subsidiaries to minimize any foreign exchange risks. Thus, all borrowings, whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI and SSRLI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso on income before tax. It assumes that all other variables remain constant. The impact of the change in currency rates are as follows (in millions):

2020	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
US Dollar	**+3.23%**	**₱6.43**
	-3.23%	**(6.43)**
Indonesian Rupiah	**+10.31%**	**(₱18.35)**
	-10.31%	**18.35**

2019	Change in Currency Rate	Effect on Income Before Tax and Equity Increase (Decrease)
US Dollar	+5.60%	₱6.82
	-5.60%	(6.82)
Indonesian Rupiah	+4.79%	(₱8.53)
	-4.79%	8.53

e. Copper rod price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced. Average monthly purchase of copper rods amounted to ₱328.0 million, with an average quantity of about 1,026 metric tons in 2020 and ₱427.1 million, with an average quantity of about 1,284 metric tons in 2019.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market. The following table represents the effect on income before tax and equity of the reasonably possible change in metal prices, as they affect prices of copper rods, with all other variables held constant.

The impact of the change in copper prices are as follows (in millions):

	% Change in Copper Rod Prices	Effect on Income Before Income Tax and Equity Increase (Decrease)
2020	**+5.71%**	**(₱29.28)**
	-5.71%	**29.28**
2019	+0.72%	(₱3.79)
	-0.72%	3.79

PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital management
The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the years ended December 31, 2020 and 2019.

30. Financial Instruments

Categorization of Financial Instruments

December 31, 2020	**At Amortized Cost**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents	**₱3,091,959,345**	**₱–**	**₱–**	**₱3,091,959,345**
FVPL investments	**–**	**10,022,872,169**	**–**	**10,022,872,169**
FVOCI investments	**–**	**–**	**94,137,422**	**94,137,422**
Receivables*	**2,086,029,303**	**–**	**–**	**2,086,029,303**
	₱5,177,988,648	**₱10,022,872,169**	**₱94,137,422**	**₱15,294,998,239**

**Excluding non-financial assets amounting to ₱157.4 million. Notes receivable amounting to ₱307.5 million is included.*

December 31, 2019	At Amortized Cost	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents	₱2,308,878,255	₱–	₱–	₱2,308,878,255
FVPL investments	–	11,130,248,073	–	11,130,248,073
FVOCI investments	–	–	330,484,513	330,484,513
Receivables*	2,328,148,193	–	–	2,328,148,193
	₱4,637,026,448	₱11,130,248,073	₱330,484,513	₱16,097,759,034

**Excluding non-financial assets amounting to ₱144.0 million. Notes receivable amounting to ₱349.5 million is included.*

Fair Values of Financial Assets and Financial Liabilities
The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable, current portion of lease liabilities and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investment in KSA are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

		Fair Value Measurement Using		
December 31, 2020	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱6,481,857,144**	**₱6,481,857,144**	**₱–**	**₱–**
Funds and equities	**1,319,051,909**	**–**	**1,319,051,909**	**–**
Unquoted equity shares	**1,248,944,824**	**–**	**227,235,750**	**1,021,709,074**
Bonds	**529,582,177**	**529,582,177**	**–**	**–**
Proprietary shares	**363,627,073**	**–**	**363,627,073**	**–**
Others	**79,809,042**	**79,809,042**	**–**	**–**
	10,022,872,169	**7,091,248,363**	**1,909,914,732**	**1,021,709,074**
FVOCI investments	**94,137,422**	**94,137,422**	**–**	**–**
	₱10,117,009,591	**₱7,185,385,785**	**₱1,909,914,732**	**₱1,021,709,074**

December 31, 2019	Total	Fair Value Measurement Using: Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱7,616,776,828	₱7,616,776,828	₱–	₱–
Unquoted equity shares	1,137,142,219	–	115,433,145	1,021,709,074
Funds and equities	1,131,737,165	–	1,131,737,165	–
Bonds	793,929,295	793,929,295	–	–
Proprietary shares	367,437,073	–	367,437,073	–
Others	83,225,493	83,225,493	–	–
	11,130,248,073	8,493,931,616	1,614,607,383	1,021,709,074
FVOCI investments	330,484,513	330,484,513	–	–
	₱11,460,732,586	₱8,824,416,129	₱1,614,607,383	₱1,021,709,074

Description of significant unobservable inputs to valuation of investment in KSA classified under Level 3 (amounts in millions):

2020:

	Valuation Technique	**Significant Unobservable inputs**	**Range**	**Sensitivity of Input to Fair Value**
KSA	DCF Model	Dividend payout is ₱121.0 million with 3% annual increase at the end of 2nd year	0% to 5%	0%: fair value of ₱803 5%: fair value of ₱1,260
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30%: fair value of ₱894
		Cost of equity of 12.80%	12.6% to 13.6%	12%: fair value of ₱1,041 14%: fair value of ₱948

2019:

	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	Dividend payout is ₱120.0 million with 3% annual increase	0% to 5%	0%: fair value of ₱785 5%: fair value of ₱1,278
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30%: fair value of ₱894
		Cost of equity of 12.99%	12% to 14%	12%: fair value of ₱1,030 14%: fair value of ₱940

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value of the investment in KSA (in millions):

As at 1 January 2019	₱941.6
Unrealized gain in profit or loss (Note 10)	80.1
As at 31 December 2019	1,021.7
Unrealized gain in profit or loss (Note 10)	–
As at 31 December 2020	₱1,021.7

In 2018, Y-mAbs was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the years ended December 31, 2020, 2019 and 2018, there were no transfers other than those mentioned above.

31. Contracts and Agreements

Anscor

a. On November 29, 2019, the Company entered into a lease agreement with ATR Asset Management, Inc., ATRAM Trust Corporation and MET Holdings, Inc. for the lease of its condominium unit commencing on the agreement date until April 30, 2021. The contract was renewed for another five years effective May 1, 2021 and the Company will receive monthly rental payments of ₱1.2 million, which is subject to 5% escalation rate starting May 1, 2022.

   The Company recognized rental income amounting to ₱12.3 million and ₱1.2 million in 2020 and 2019, respectively (see Notes 16 and 24).

Sutton

a. In January 2016, CGI and IQHPC entered into a new Service Agreement where IQHPC will pay CGI the agreed specific rate that corresponds the type of medical staff deployed to a facility. The term of the agreement is valid for a period of 36 months from the commencement date. Fees shall be billed upon deployment and are due within 30 days. Interest shall accrue at the rate of 2% per month on any unpaid balance.

b. In the ordinary course of business, IQHPC enters into Service Agreements with U.S. hospitals and/or staffing agencies to provide services in relation to the placement of qualified Filipino nurses for full time employment in the U.S. The Service Agreement sets forth the rights, responsibilities, terms and conditions governing IQHPC's services, which include among others, training and procedural assistance in obtaining all required licensure examinations, obtaining U.S. permanent residence status and eventual placement of the nurses to the U.S. hospitals and/or agency.

   Service income recognized in 2018 amounted to ₱2.5 million (nil in 2020 and 2019).

c. CGI entered into a non-cancellable operating lease covering certain offices. The lease has terms ranging up to three years, with renewal options and includes annual escalation rates of 5% to 10%. In 2016 and 2017, the lease agreement was renewed for a one-year term.

   Rent expense in 2018 amounted to ₱2.7 million (see Note 22).

d. In 2017, CGI entered into an agreement to sublease a portion of its leased office space to Cirrus Global Services, Inc. for a period of one year commencing August 1, 2017. This was extended until December 31, 2018.

   Rent income from the sublease agreement in 2018 amounted ₱2.6 million (see Note 24).

e. In April 2012, CGI entered into a Service Agreement with Cleveland Clinic Abu Dhabi (CCAD) for CGI to provide nurses for deployment in Abu Dhabi. In consideration of the services provided by CGI, the Service Agreement provides that CCAD shall pay a lump-sum fee of 17% of the first year salary, exclusive of benefits, of each candidate that satisfactorily completes all legal and regulatory requirements to live and work at CCAD.

Permitted fees are to be invoiced in the following manner:
- 25% of fee upon signing the contract offer of employment;
- 50% of fee upon deployment; and
- 25% of fee upon completion of the probationary 90-day time period at CCAD.

CGI records deferred revenue equal to a percentage of service fee invoiced to CCAD. Portion of the deferred revenue were already advanced by CCAD and are refundable once the service agreements are not met. Total deferred revenues as at December 31, 2018 amounted to nil.

Service income recognized in 2018 amounted to ₱12.9 million. Service income recognized in 2018 is for the period ended September 28, 2018 (see Note 8).

<u>IAI</u>

a. On August 23, 2006, IAI entered into a Maintenance Service Plan (MSP) with Honeywell for the latter to service IAI's additional aircraft engine acquired in 2007. Under the terms of the programs, IAI agrees to pay a fee computed at a rate of the engine's actual operating hours or the minimum operating hours, subject to annual escalation. The engine shall be shipped to the United States to undergo repairs and maintenance as necessary by a Honeywell authorized service center. Deposits for the MSP as at December 31, 2020 and 2019 amounted to ₱52.2 million and ₱44.7 million, respectively, and included as part of "Other noncurrent assets" account in the consolidated balance sheets (see Note 17).

b. IAI entered into a lease or concessionaire agreement with Manila International Airport Authority (MIAA) which granted IAI to operate as an aircraft hangar and conduct fixed base operations within the leased premises. The agreement shall be effective for a period of one (1) year commencing on January 1, 2016. After the end of the first year, the lease is automatically renewed until IAI is permitted to stay in Ninoy Aquino International Airport (NAIA) Complex. IAI will continue to operate at NAIA Complex by virtue of the Certificate of Public Convenience and Necessity to operate Domestic Scheduled Air Transportation Services issued on January 31, 2017 and valid from March 1, 2017 up to February 28, 2022.

   On October 15, 2019, MIAA issued a memorandum stating that all general aviation operations be transferred to other alternate airports to ease the traffic congestion at the NAIA Complex. MIAA gave general aviation companies until May 31, 2020 to vacate and turn over the leased premises.

   IAI continues to operate in the leased premises after May 31, 2020 and the lease agreement was converted to a month-to-month basis starting June 1, 2020.

   On January 28, 2021, IAI received a letter from MIAA stating that should IAI desire to renew the agreement, documentary requirements must be submitted on or before February 15, 2021 and that IAI should provide its best lease offer.

   At the beginning of February 2021, Federation of Aviation Organization of which IAI is a member, sent a letter proposal to MIAA for the best lease offer price which was agreed by all of its members. The renewal of the lease agreement is still in process as at February 18, 2021.

c. Upon adoption of PFRS 16, the entity recognized ROU assets amounting to ₱10.6 million and recognized amortization expense amounting to ₱3.6 million in 2019. In 2020, the ROU with carrying amount of ₱7.0 million was retired, resulting to net book value of nil as at December 31, 2020.

The carrying amount of lease liabilities as at December 31, 2020 and 2019 follows:

	2020	2019
Beginning balance	**₱7,082,672**	₱10,605,283
Accretion of interest	**191,107**	201,791
Lease payments	**(7,273,779)**	(3,724,402)
	–	7,082,672
Less current portion of lease liability	–	4,606,460
Ending balance	**₱–**	₱2,476,212

The lease liability was measured at the present value of the remaining lease payments discounted at IAI's incremental borrowing rates as at January 1, 2019 for the lease with MIAA. The weighted average incremental borrowing rates applied to the lease liabilities on January 1, 2019 was 6.83%.

Shown below is the maturity analysis of lease liabilities as at December 31, 2019 pertaining to contractual undiscounted cash flows:

Within one year	₱4,797,398
After one year but not more than five years	2,512,695
	₱7,310,093

SSRLI and PRI

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop and construct the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation of machineries and equipment on PEZA-covered registered activities under the Registration Agreement.

On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations are entitled to 5% gross income tax on revenues generated from foreign clients and regular income tax on non-foreign clients under the Registration Agreement.

On July 1, 2011, PRI took over the resort operations of SSRLI. On the same date, PEZA approved PRI's application for registration as a locator at the Pamalican Island Ecozone Tourism Zone. SSRLI also transferred in the name of PRI all resort operation-related contracts entered into with related parties and third parties, including its long-term loans with a bank, except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is nontransferable.

On October 3, 2012, PRI entered into an operating lease agreement with SSRLI covering all rights and interests in resort-related assets, which include land, land improvements and buildings for a period of 20 years beginning July 1, 2011. Annual lease rental amounted to ₱53.5 million payable within the first five days at the beginning of each quarter.

Effective January 1, 2016, the annual rental fee upon mutual agreement of both parties was reduced to ₱42.8 million.

b. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.9 million (₱255.9 million) cash consideration plus the fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million (see Note 7).

c. Since 1995, the Company charges a monthly fee amounting to US$15,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to PRI.

   Starting January 1, 2018, both parties mutually agreed to a monthly fee amounting to ₱650,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. AHI also charges PRI for a monthly fee of ₱100,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT.

d. PRI executed in the past an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (AMBV, the Operator of Amanresorts), a company based in Amsterdam, the Netherlands, for a fee of 5% of PRI's gross operating profits, as defined in the OMA. The OMA provides for, among others, the reimbursements by PRI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of the resort and a reserve cash funding equivalent to 3% of gross revenues, which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment.

   On June 24, 2013, both parties have mutually entered into a new OMA, effective on the same date, in which PRI will pay a basic fee amounting to 4% of gross revenue and an incentive fee of 10% based on the gross operating profit collectively known as "Management fee". In addition to the management fees discussed, PRI shall also reimburse AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

   Likewise, a Marketing Service Agreement (MSA) was entered into by PRI with Amanresorts Services Limited (ASL) with marketing fee charges of 3% of PRI's annual gross hotel revenues. On June 24, 2013, both parties mutually entered into a new marketing services agreement of the same terms and conditions except for a lower marketing fee rate of 1% of gross revenue from 3%.

   On June 24, 2011, PRI also executed a Reservation Service Agreement with Hotel Sales Services Ltd. (HSSL), a company established in British Virgin Islands, in which PRI will pay the latter a monthly fee of 6.5% on gross accommodation charges for all realized bookings processed through HSSL's central sales and reservation offices with the exception of bookings made through the Global Distribution System (GDS) in which PRI will pay US$100 per booking. An annual maintenance fee of US$1,000 shall also be paid to HSSL.

   On October 10, 2014, PRI and HSSL executed a new agreement, effective January 1, 2015, with similar terms as the original agreement, except for a higher annual maintenance fee which increased to US$3,000 from US$1,000 and a lower transaction fee for GDS Network bookings for US$100 from US$300.

   PRI also obtained from Amanresorts I.P.R.B.V. (AIPRBV), a company incorporated in Amsterdam, the Netherlands, the nonexclusive license to use the Amanresorts Marks in connection with the operation of the Resort for a monthly fee of US$1,000.

The OMA, marketing and license contracts will expire on the thirty first (31st day) of December of the fifth full calendar year following their commencement. Further, AMBV has the option to extend the operating term for a period of five years from the date of its expiration.

On January 18, 2018 and March 9, 2018, the Aman Group notified PRI of the assignment of the OMA, MSA and RSA, among others, to Aman Group S.A.R.L., a company incorporated in Switzerland.

On November 28, 2018, Aman Group issued a Notice of Extension to PRI containing its election and intention to extend the operating term with PRI for a period of five (5) years from the date of expiration, which is on December 31, 2018, under the same terms and conditions as contained in the management agreement.

Total fees related to these agreements amounted to ₱52.8 million, ₱109.7 million and ₱105.5 million in 2020, 2019 and 2018, respectively.

e. PRI entered into an agreement with IAI wherein the latter will provide regular air transport service. IAI shall charge PRI a fixed round trip rate, subject to an annual review by both parties, with a guarantee that all IAI's operating cost will be covered. The agreement has a duration of three (3) years and was executed effective July 1, 2011. The agreement was renewed for another 3 years on February 13, 2015. The duration of the contract may be extended upon such terms and condition as may be mutually agreed by both parties.

   On February 15, 2018, both parties entered into a renewal agreement which shall have a duration of not less than three years unless otherwise pre-terminated. This was subsequently renewed for another 3 years, i.e., until February 2024.

f. PRI entered into a lease agreement with IAI for the guest lounge, purchasing office including storage space and vehicle parking lots. In addition, in 2020, PRI entered into short-term lease agreements with IAI for PRI's disinfecting and rapid testing area, isolation area, staff room and additional vehicle parking slots. Total rent expense relating to these lease agreements amounted to ₱0.24 million in 2020.

g. On July 1, 2011, PRI entered into management agreements with the villa owning companies wherein it shall provide general maintenance and accounting and administrative services for the villas. PRI shall also be responsible for the marketing and promotion of the villas. In return for these services, PRI shall be entitled to 50% of the net villa rental proceeds. PRI shall also receive reimbursements of costs, with 15% handling fees (except for utilities, which are not subject to handling fees), incurred in providing services to the villa guests. PRI's share in the net villa rental proceeds including handling fees amounted to ₱90.9 million, ₱168.7 million and ₱163.4 million in 2020, 2019 and 2018, respectively, and presented as "Services" revenue account in the consolidated statements of comprehensive income.

   As part of the agreement, PRI will also receive a fund which shall be used for future maintenance requirements of the villas. As at December 31, 2020 and 2019, the restricted fund amounted to ₱95.9 million and ₱107.8 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 17).

h. In November 2005, the DENR awarded to SSRLI the use of the foreshore land surrounding the Pamalican Island, where Amanpulo Resort is situated. The award has a duration of 25 years which may be renewed for another full period at the option of SSRLI. Annual rent shall be paid in advance on or before the 16th day of November every year.

i. In 2014, SSRLI entered into a Construction Service Contract (Service Contract) with the PEZA-registered villa owners in which SSRLI shall provide project management general and specific administration and supervision over the preconstruction and construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents 15% of the actual project cost during the villa construction or renovation. In 2018, SSRLI recognized handling fee, included under "Services" revenue account which amounted to ₱0.7 million (nil in 2020 and 2019).

j. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As at December 31, 2020 and 2019, total property development in progress amounted to ₱3.7 million. This is presented as part of "Other noncurrent assets" in the consolidated balance sheets (see Note 17).

PDIPI and Subsidiaries

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive), plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy (eliminated in the consolidated balance sheets) amounted to ₱28.8 million and ₱31.4 million as at December 31, 2020 and 2019, respectively. Management fees (eliminated in the consolidated profit or loss) amounted to ₱85.1 million, ₱99.0 million and ₱77.6 million in 2020, 2019 and 2018, respectively.

   In 2012, the PDP Energy entered into a contract of lease with a third party for the lease of its office building. The term is for a period of five years and renewable at the option of both parties. Set out below are the carrying amount of right-of-use asset recognized as at December 31, 2020 and 2019, and the movement during the period.

	2020	2019
Cost		
Beginning/Ending balance	**₱35,792,042**	₱35,792,042
Accumulated Amortization		
Beginning balance	**7,535,167**	–
Amortization for the year	**7,535,167**	7,535,167
Ending balance	**15,070,334**	7,535,167
Net Book Value	**₱20,721,708**	₱28,256,875

   Set out below is the carrying amount of lease liability and its movements in 2020 and 2019:

	2020	2019
Beginning balance	**₱30,291,973**	₱35,792,042
Accretion of interest	**2,520,847**	3,085,097
Lease payments	**(4,764,508)**	(8,585,166)
Rent concession	**(3,917,535)**	–
	24,130,777	30,291,973
Less current portion of lease liability	**4,922,514**	5,301,404
Noncurrent portion of lease liability	**₱19,208,263**	₱24,990,569

Operating lease commitments- PDP Energy as lessee

The future aggregate minimum lease payments under the said lease are as follows:

	2020	2019
Not later than 1 year	**₱9,465,145**	₱8,865,270
More than 1 year but not later than 5 years	**17,668,271**	27,564,028
	₱27,133,416	₱36,429,298

Rental expense incurred amounted to ₱7.6 million in 2018.

b. On December 19, 2014, PDIPI entered into a trademark licensing agreement with General Cable Technologies Corporation (GCTC) wherein GCTC will grant a perpetual and exclusive license to PDIPI to use the Phelps Dodge trademark in the manufacture and sale of wires and cables in the Philippines. On the same date, PDP Energy entered into a distributor and representative agreement with General Cable Industries Inc. (GCI) which provides, among others, the exclusive distributor, reseller and representative for the sale of GCI products to customers within the Philippines.

32. Changes in Liabilities Arising from Financing Activities

December 31, 2020

	January 1, 2020	**Cash Flows for Availment**	**Cash Flows for Repayments**	**Dividend Declaration**	**Noncash Movement**	**Foreign Exchange Movement**	**Accretion of Interest**	**December 31, 2020**
Long-term debt	**₱503,307,603**	**₱–**	**(₱275,719,246)**	**₱–**	**₱–**	**(₱445,500)**	**₱–**	**₱227,142,857**
Notes payable	**–**	**28,166,200**	**(5,000,000)**	**–**	**–**	**–**	**–**	**23,166,200**
Dividends payable	**283,974,578**	**–**	**(813,500,482)**	**937,595,067**	**(42,000,000)**	**–**	**–**	**366,069,163**
Lease liabilities	**37,374,645**	**–**	**(12,038,287)**	**–**	**(3,917,535)**	**–**	**2,711,954**	**24,130,777**
Total liabilities from financing activities	**₱824,656,826**	**₱28,166,200**	**(₱1,106,258,015)**	**₱937,595,067**	**(₱45,917,535)**	**(₱445,500)**	**₱2,711,954**	**₱640,508,997**

December 31, 2019

	January 1, 2019	Cash Flows for Availment	Cash Flows for Repayments	Dividend Declaration	Foreign Exchange Movement	Accretion of Interest	December 31, 2019
Notes payable	₱250,000,000	₱–	(₱250,000,000)	₱–	₱–	₱–	₱–
Long-term debt	1,138,087,700	5,124,000	(635,732,071)	–	(4,172,026)	–	503,307,603
Dividends payable	285,828,593	–	(617,229,791)	615,375,776	–	–	283,974,578
Lease liabilities	46,397,325	–	(12,309,568)	–	–	3,286,888	37,374,645
Total liabilities from financing activities	₱1,720,313,618	₱5,124,000	(₱1,515,271,430)	₱615,375,776	(₱4,172,026)	₱3,286,888	₱824,656,826

December 31, 2018

	January 1, 2018	Cash Flows for Availment	Cash flows for Repayments	Dividend Declaration	Foreign Exchange Movement	December 31, 2018
Notes payable	₱–	₱450,000,000	(₱200,000,000)	₱–	₱–	₱250,000,000
Long-term debt	1,718,724,321	–	(640,036,621)	–	59,400,000	1,138,087,700
Dividends payable	252,554,370	–	(575,312,404)	608,586,627	–	285,828,593
Total liabilities from financing activities	₱1,971,278,691	₱450,000,000	(₱1,415,349,025)	₱608,586,627	₱59,400,000	₱1,673,916,293

33. **Other Matters**

a. ASAC is a defendant in labor lawsuits and claims. As at December 31, 2019, management has provisions for losses amounting to ₱5.7 million that may be incurred from these lawsuits (see Note 19). In 2020, ASAC reversed the provisions in full as management assessed that the claim is no longer probable due to the prescription of the period from which the complainants may file an independent action to re-open the labor lawsuits. The 10-year prescriptive period ended on April 20, 2020.

b. Some subsidiaries of the Group have claims, commitments, litigations and contingent liabilities that arise in the normal course of their operations which are not reflected in the consolidated financial statements. Management is of the opinion that as at December 31, 2020 and 2019, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

c. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, are not disclosed as they many prejudice the Group's negotiation with third parties.

d. COVID-19 Outbreak

   In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an Enhanced Community Quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. The ECQ shifted to modified enhanced community quarantine (MECQ) until May 31, 2020 and to general community quarantine (GCQ) for NCR and certain provinces until the first part of the third quarter. Subsequently, MECQ was once again imposed on select areas including Metro Manila and a few other provinces in the Philippines from August 4 to 18, 2020 then back again to GCQ until December 31, 2020.

   The COVID-19 pandemic has caused disruptions in the Group's business activities. As this global problem evolves, the Group will continually adapt and adjust its business model according to the business environment in the areas where the Group operates, in full cooperation with the national and local government units.

34. **Subsequent Event**

On February 18, 2021, the BOD approved the declaration of cash dividend of ₱0.50 per common share, payable on April 14, 2021 to common stockholders of record as at March 17, 2021.

SGV
Building a better working world

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group) as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated February 18, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-098-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534366, January 4, 2021, Makati City

February 18, 2021

A. SORIANO CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Annex A: Supplementary Schedule of Retained Earnings Available for Dividend Declaration
Annex B: Group Structure

ANNEX A

A. SORIANO CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

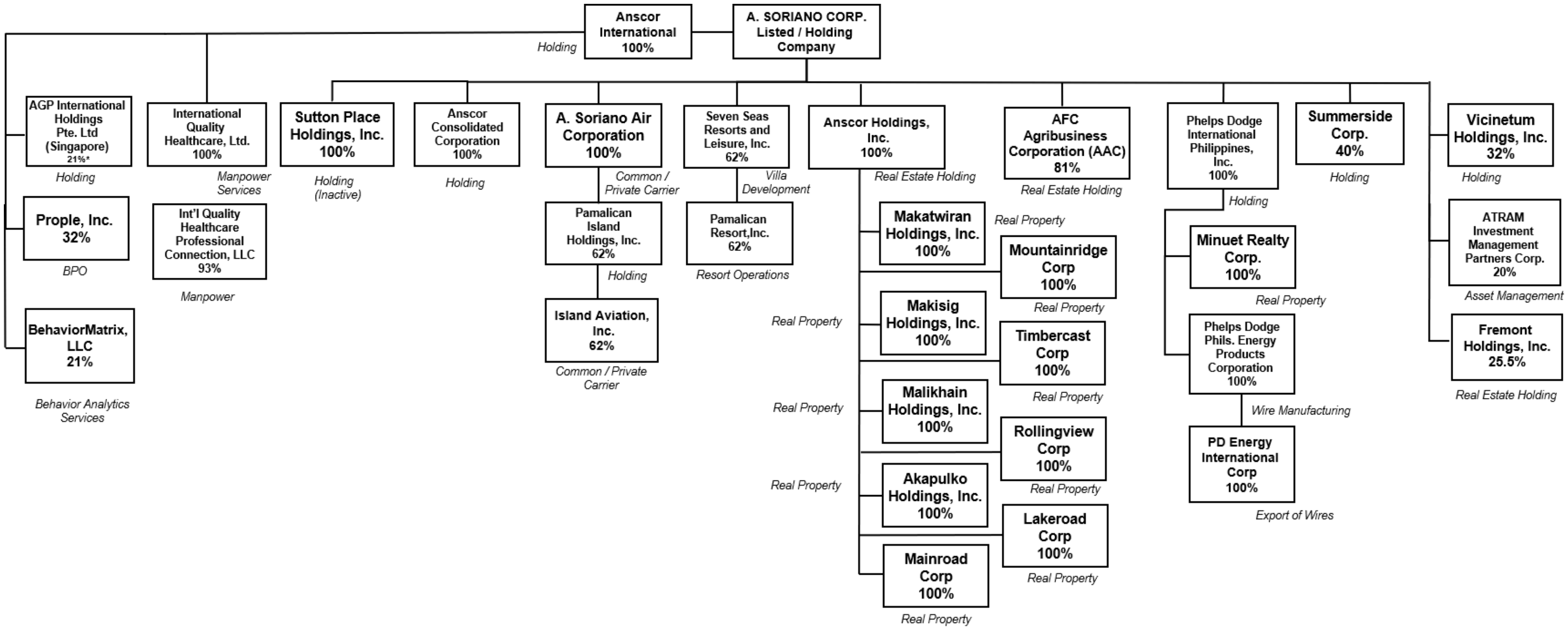
DECEMBER 31, 2020

Unappropriated retained earnings, as adjusted to available for dividend distribution, January 1, 2020		**₱3,317,096,763**
Add: Net income actually earned/realized		
Net income during the period	569,609,986	
Deferred taxes	(3,380,842)	566,229,144
Net income actually earned		**3,883,325,907**
Less dividend declarations		(1,875,000,000)
Total retained earnings available for dividend declaration, December 31, 2020		**₱2,008,325,907**

ANNEX B

A. SORIANO CORPORATION AND SUBSIDIARIES

GROUP STRUCTURE
DECEMBER 31, 2020



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SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated February 18, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-098-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534366, January 4, 2021, Makati City

February 18, 2021

ANNEX C

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2020 AND 2019

			2020		2019	
i.	Current Ratio	Total Current Assets	16,157,261,437	10.03 : 1	16,622,628,416	9.82 : 1
		Total Current Liabilities	1,610,273,637		1,693,432,046	
ii.	Acid Test Ratio	Total Current Assets less Inventories, Prepayments, and Other Current Assets	15,050,824,355	9.35 : 1	15,656,264,270	9.25 : 1
		Total Current Liabilities	1,610,273,637		1,693,432,046	
iii.	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and amortization	457,820,886	19.55%	2,115,795,161	81.14%
		Total Liabilities	2,341,894,799		2,607,562,447	
iv.	Debt-to-Equity Ratio	Total Liabilities	2,341,894,799	2.34 : 18.70	2,607,562,447	2.61 : 19.94
		Equity Attributable to Equity Holders of the Parent	18,695,575,051		19,943,119,811	
v.	Asset-to-Equity Ratio	Total Assets	21,602,285,333	1.16	23,112,420,092	1.16
		Equity Attributable to Equity Holders of the Parent	18,695,575,051		19,943,119,811	
vi.	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	484,455,675	19.85	2,416,114,941	49.96
		Interest expense	24,411,138		48,364,623	
vii.	Return on Equity	Net Income Attributable to Equity Holders of the Parent	165,646,806	0.89%	1,843,615,322	9.24%
		Equity Attributable to Equity Holders of the Parent	18,695,575,051		19,943,119,811	
viii.	Return on Assets	Net Income Attributable to Equity Holders of the Parent	165,646,806	0.77%	1,843,615,322	7.98%
		Total Assets	21,602,285,333		23,112,420,092	

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2020 AND 2019

			2020		2019	
ix.	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	165,646,806	2.41%	1,843,615,322	17.24%
		Total Revenues	6,883,700,687		10,695,384,232	
x.	Book value per share	Equity Attributable to Equity Holders of the Parent	18,695,575,051	15.23	19,943,119,811	15.95
		Outstanding Number of Shares	1,227,570,239		1,250,127,754	

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
FVPL INVESTMENTS				
QUOTED EQUITY SHARES	**No. of Shares**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
BDO Unibank, Inc.	700,000	74,760,000	74,760,000	(43,612,817)
Metropolitan Bank & Trust Co.	1,047,600	51,384,780	51,384,780	14,010,652
Aboitiz Power Corporation	400,000	10,620,000	10,620,000	36,477
Manila Water Company, Inc.	3,800,000	60,724,000	60,724,000	10,563,004
Jollibee Foods Corp.	300,000	58,560,000	58,560,000	3,161,514
Eagle Cement Corporation	6,492,200	94,007,056	94,007,056	(785,031)
Megawide	11,444,380	90,868,377	90,868,377	(301,571,197)
Ayala Corporation	71,000	58,717,000	58,717,000	6,218,935
Metro Pacific Investments Corporation	17,640,000	75,499,200	75,499,200	27,029,438
Ayala Land Inc.	3,206,100	131,129,490	131,129,490	(19,775,430)
Converge ICT Solutions, Inc.	1,235,200	18,404,480	18,404,480	(1,291,797)
P L D T	65,265	87,455,100	87,455,100	5,861,789
I C T S I	26,364,102	3,255,966,597	3,255,966,597	(114,260,713)
iPeople Inc."A"	92,945,934	836,513,406	836,513,406	(42,884,343)
Bloomberry Resorts Corporation	10,751,000	87,190,610	87,190,610	(182,629,059)
Puregold Price Club, Inc.	800,000	32,800,000	32,800,000	(3,486,757)
Robinson Retail Holdings	612,890	39,837,850	39,837,850	9,133,093
AI - Ym-Abs	593,868	1,411,991,680	1,411,991,680	637,485,651
Anscorcon - ACMDC	840,173	5,427,518	5,427,518	3,327,085
		6,481,857,144	**6,481,857,144**	**6,530,494**
UNQUOTED EQUITY SHARES	**No. of Units/Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
K S A Realty Inc	-	1,021,709,073	1,021,709,073	121,380,000
Sierra Madre	-	134,354,281	134,354,281	23,194,774
Navegar I	-	21,544,610	21,544,610	(2,397,009)
Navegar II	-	71,336,860	71,336,860	14,167,785
		1,248,944,824	**1,248,944,824**	**156,345,550**
FUNDS AND EQUITIES	**No. of Units**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
BS-Macquarie ASEAN Technology Investment	5,000,000	240,115,000	240,115,000	-
Rohatyn Global (class B & S2)	26,000	646,395	646,395	-
BS-Pictet-Robotics-PDY USD Dis-USD	2,117	28,694,519	28,694,519	6,904,082
BS-Activision Blizzard Inc-USD	1,250	5,573,669	5,573,669	552,950
BS-AB-American Income at USD Dis-USD	79,627	31,853,327	31,853,327	833,604
BS-Adobe Ord-USD	500	12,008,631	12,008,631	779,263
BS-Alibaba Group Holding Ltd-USD	1,125	12,573,442	12,573,442	(727,002)
BS-Alphabet Inc.-Class A-USB	290	24,408,439	24,408,439	4,395,275
BS-Amazon.Com Inc - USD	170	26,589,283	26,589,283	3,711,163
BS-Apple Inc.-USD	2,250	14,337,387	14,337,387	1,468,991
BS-BGF-Asian Tiger Bond-A6 USD-USD	77,766	43,582,158	43,582,158	542,436
BS-BOS Secure Pte Lend 2019-USD	900	42,689,596	42,689,596	846,908
BS-BOS PE Healthcare GR 2017-USD	1,280	83,887,095	83,887,095	9,921,333
BS-Blackstone Bespoke Opp Solutions-USD	650	29,940,615	29,940,615	(1,819,526)
BS-Crowdstrike Holdings-USD	275	2,797,364	2,797,364	1,446,123
BS-Facebokk Inc -A -USD	1,410	18,496,327	18,496,327	964,634
BS-Fidelity Asian Hi Yld AMD-USD	174,403	67,245,866	67,245,866	6,886,419
BS-Invesco GREF A ENH QD-USD	4,963	22,201,091	22,201,091	(749,507)
BS-Invesco US Senior Loan Fund-USD	2,814	11,421,333	11,421,333	2,305,427
BS-Ishares JPM USD EM BOnd UCITS ETF-USD	22,500	125,037,485	125,037,485	7,708,692
BS-JPM Income Fund-USD	137,694	61,429,786	61,429,786	5,135,529
BS-Mastercard Inc-USD	300	5,142,399	5,142,399	918,084
BS-Microsoft Corporation-USD	2,150	22,964,743	22,964,743	2,935,452
BS-Netflix Inc.-USD	225	5,842,682	5,842,682	589,830
BS-Oaktree Alpha Credit Fund-USD	2,000	82,279,880	82,279,880	(13,183,792)
BS-PIMCO Funds Global Investors Series PLC-USD	111,663	59,844,417	59,844,417	3,016,518
BS-Paypal Holdings Inc-USD	1,100	12,371,685	12,371,685	2,254,446

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
BS-RTW Offshore Fund Ltd Class B5-USD	300	14,942,116	14,942,116	391,147
BS-Roche Holdings AG-CHF	325	5,430,000	5,430,000	(122,850)
BS-SPDR Gold Trust (NYSE)-USD	2,600	22,269,994	22,269,994	(795,441)
BS-Salesforce.Com Inc-USD	1,700	18,167,149	18,167,149	953,032
BS-Servicenow Inc-USD	175	4,625,828	4,625,828	918,452
BS-Shopify Inc - Class A-USD	150	8,153,945	8,153,945	1,540,050
BS-Splunk Inc-USD	570	4,650,418	4,650,418	(585,050)
BS-Teladoc Health Ord-USD	325	3,120,871	3,120,871	(187,530)
BS-Tencent Holdings Ltd-Hkg.	2,500	8,732,835	8,732,835	524,620
BS-VISA Inc. Class A shares-USD	1,000	10,504,071	10,504,071	1,365,723
BS-Veeva Systems Inc-Class A-USD	300	3,922,279	3,922,279	85,625
BS-WIX.Com Ltd-USD	450	5,401,723	5,401,723	(561,653)
BS-WELL Global Healthcare Eq-USD	15,968	37,687,224	37,687,224	6,208,147
BPI(ASF)-US short Term Fund(USSTF)-USD	5	74,913	74,913	(26,197)
BPI-FXT1060 2.90% 09/09/25-PHP	65,000,000	67,579,148	67,579,148	2,585,655
BPI(ASF)-MM UTF (Trust Fund)-PHP	35,485	9,243,133	9,243,133	(130,066)
BPI-STF-UITF-Php	1,575	245,448	245,448	64
MS-UBS USD Autocallable Stk-USD	-	266,500	266,500	-
AHI-PLDT Series Y 10% Cumm. Pref.	4,200	46,452	46,452	-
AHI-PLDT Series BB 10% Cumm. Pref.	1,200	13,248	13,248	-
		1,319,051,909	1,319,051,909	29,820,236
BONDS	**Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
BS-AEV-Aboitiz Equity Venture 4.2% 01/16/30-USD	$ 350,000	17,312,292	17,312,292	552,334
BS-Agile 6.05% 10/13/25-USD	$ 300,000	14,731,055	14,731,055	523,157
BS-BEEFC (Minerva Lux) 5.875% 01/19/28	$ 300,000	15,487,418	15,487,418	1,167,425
BS-Braskem Netherlands 4.5% 100128-USD	$ 300,000	15,091,228	15,091,228	1,325,563
BS-China Oil and Gas Group 4.625% 200422-USD	$ 300,000	14,481,816	14,481,816	692,648
BS-Country Garden Holdings 4.75% 250722-USD	$ 300,000	14,695,038	14,695,038	860,447
BS-Energy Development 6.5% 200121-USD	$ 320,000	15,367,360	15,367,360	599,144
BS-First Pacific Cap 5.75% 05/30/25-USD	$ 200,000	10,348,956	10,348,956	893,448
BS-Franshion Brilliant Ltd Variable Perp-USD	$ 300,000	14,370,883	14,370,883	614,522
BS-Global Prime Capital 5.5% 181023-USD	$ 300,000	14,532,960	14,532,960	1,124,641
BS-Greenko Investment Co 4.875% 160823-USD	$ 300,000	14,644,614	14,644,614	1,075,422
BS-JFC (Jollibee Food Corp) 4.75% 6/24/30-USD	$ 300,000	14,659,021	14,659,021	513,383
BS-JPMorgan Chase 7.9% 300449 callable 300418-	$ 244,000	11,627,972	11,627,972	228,051
BS-JSTL 5.375% 04/04/25-USD	$ 300,000	14,983,176	14,983,176	385,130
BS-KOC Holdings AS 6.5% 03/11/2025-USD	$ 200,000	10,372,968	10,372,968	775,254
BS-Lenovo Grp Ltd Lenvo 4.75% 03/29/23-USD	$ 300,000	15,229,102	15,229,102	1,209,223
BS-Listrindo Capital 4.95% 140926-USD	$ 300,000	14,925,548	14,925,548	913,220
BS-MAAFU (MAF Gl Sec) 6.375% PERP FRN-USD	$ 400,000	20,049,602	20,049,602	1,399,603
BS-MWC (Make-Whole Calls)) 4.375% 07/30/30-	$ 350,000	16,959,322	16,959,322	848,384
BS-Marb Bondco PLC MRFGC 6.875% 01/19/25'21-	$ 300,000	14,855,963	14,855,963	494,450
BS-Pakuwon Prima 5% 140224-USD	$ 500,000	14,727,454	14,727,454	838,738
BS-Petronas Global Finance 5.625% 200543-USD	$ 200,000	10,793,169	10,793,169	1,141,734
BS-Petroleos Mexicanos 5.625% 230146-USD	$ 300,000	12,389,934	12,389,934	201,025
BS-Petron Corp PCorX 4.6% Perp '23 FRN-USD	$ 200,000	9,148,382	9,148,382	85,382
BS-Royal Capital 5.5% 291249 Perp-USD	$ 785,000	38,263,526	38,263,526	1,854,729
BS-SMC GLB Power 6.5% Perp-USD	$ 875,000	42,545,377	42,545,377	4,213,443
BS-Shimao Property Holdings 5.2% 01/30/25-USD	$ 300,000	15,206,483	15,206,483	1,065,542
BS-SoftBank Group Corp 4.75% 190924-USD	$ 300,000	15,127,245	15,127,245	1,260,699
BS-TBG Global PTE 5.25% 100222-USD	$ 300,000	14,410,502	14,410,502	585,412
BS-Transcanada Pipelines Variable 150567-USD	$ 500,000	18,788,999	18,788,999	(739,762)
BS-Wealth Driven Ltd 5.5% 170823-USD	$ 300,000	14,641,012	14,641,012	1,050,211
Wholesome Spirits Inc.	-	12,005,750	12,005,750	-
Medifi	-	16,808,050	16,808,050	-
		529,582,177	529,582,177	27,752,601
PROPRIETARY SHARES	**No. of Shares**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Manila Polo Club	1	25,000,000	25,000,000	-
Maybank ATR KIMENG Partners, Inc.	-	15,000	15,000	-

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
Canlubang Golf & Country Club	2	3,200,000	3,200,000	(200,000)
Celebrity Sports Plaza	1	200,000	200,000	50,000
Manila Golf & Country Club	3	300,000,000	300,000,000	(4,000,000)
Metropolitan Club	1	400,000	400,000	-
Orchard Golf & Country Club	1	350,000	350,000	(100,000)
Palms Country Club Class A	1	1,200,000	1,200,000	600,000
Sta Elena Properties'A'	3	15,000,000	15,000,000	3,000,000
Valle Verde Country Club	1	600,000	600,000	100,000
PLDT	10,708	119,073	119,073	-
Orchards Golf Club "A"	1	350,000	350,000	(150,000)
Alabang Country Club "A"	2	12,000,000	12,000,000	(2,000,000)
Club Filipino	1	250,000	250,000	(100,000)
Cresta Del Mar	1	68,000	68,000	-
Makati Sports Club "A"	1	600,000	600,000	(300,000)
Philippine Village Resort	1,000	5,000	5,000	-
Valle Verde Country Club	3	750,000	750,000	(300,000)
Valley Golf Club	1	900,000	900,000	-
Manila Southwoods "A"	1	1,300,000	1,300,000	200,000
Puerto Azul	1	120,000	120,000	50,000
Alta Vista De Cebu (Vistamar)	1	200,000	200,000	-
Camp John Hay	2	300,000	300,000	(200,000)
Tagaytay Midlands Golf Club, Inc.	1	700,000	700,000	-
		363,627,073	**363,627,073**	**(3,350,000)**
OTHERS	**No. of Units/Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Manila Peninsula Hotels,Inc.	265,000	2,444,945	2,444,945	-
PLDT Co - Pref	1,200	12,600	12,600	-
Realty Investment Inc	120,000	32,500	32,500	-
Central Azucarera de La Carlota	271	780	780	-
BPI(ASF)-Globe Preferred-Php	15,000	7,755,000	7,755,000	645,045
BPI-AC Prefferred (APB2R)-PHP	119,452	61,577,506	61,577,506	4,133,875
Ayala Corp. Preferred B1-Peso	15,000	7,800,000	7,800,000	716,853
Meralco	636	185,711	185,711	(15,900)
		79,809,042	**79,809,042**	**5,479,873**
TOTAL - FVPL INVESTMENTS		**10,022,872,169**	**10,022,872,169**	**217,098,881**
FVOCI INVESTMENTS				
BONDS	**Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
BS-ABJA Investment Co(Tata Steel) 5.95% 310724	$ 200,000	10,276,922	10,276,922	575,053
BS-African Export-Import Bank 4.125% 200624	$ 200,000	10,259,153	10,259,153	417,373
BS-Eastern & Southern Afric 5.375% 140322-USD	$ 300,000	14,803,090	14,803,090	793,166
BS-Kuwait Projects Co 5% 150323-USD	$ 280,000	13,968,162	13,968,162	692,290
BS-Office Cherifien Des PHO 5.625% 250424-USD	$ 300,000	15,816,759	15,816,759	789,584
BS-TC Ziraat Bankasi AS 5.125% 030522-USD	$ 300,000	14,460,926	14,460,926	714,898
BS-Transnet Soc Ltd 4% 260722-USD	$ 300,000	14,552,410	14,552,410	641,777
		94,137,422	**94,137,422**	**4,624,140**
TOTAL - FVOCI INVESTMENTS		**94,137,422**	**94,137,422**	**4,624,140**
GRAND TOTAL - FINANCIAL ASSETS		**10,117,009,591**	**10,117,009,591**	**221,723,021**

Note 1 This account consists of investments that are designated as FVPL, FVOCI and held-for-trading investments.

Note 2 This column includes interest income, dividends and unrealized gain/loss in market value of FVPL investments charged to income in 2020

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2020

Name and Designation of Debtor	Beginning Balance	Additions	Collections	Current	Not Current	Ending Balance

NOT APPLICABLE

Aggregate indebtedness of the individual directors, officers, employees, and principal stockholders (other than related parties) are below P1,000,000.

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
A. SORIANO CORPORATION RECEIVABLES FROM ITS SUBSIDIARIES							
Anscor Holdings, Inc.	35,928,921	-	32,852,249		-	3,076,672	3,076,672
Summerside Corporation	785,125	-	-		-	785,125	785,125
Seven Seas Resorts & Leisure Inc.	68,705	56,511	-		56,511	68,705	125,216
Pamalican Resorts, Inc.	(26,986)	5,912,726	5,200,000		685,740	-	685,740
Pamalican Island Holdings, Inc. (PIHI)	(609,207)	2,563	-		-	(606,644)	(606,644)
A. Soriano Air Coporation	1,500,000	4,000,000	1,500,000		4,000,000	-	4,000,000
Island Aviation Inc.	408,492	-	454,813		(46,321)	-	(46,321)
Anscor Consolidated Corporation	-	1,224,842,056	936,000,000		288,842,056	-	288,842,056
Phelps Dodge Philippines Energy Products Corporation	31,431,688	85,083,244	87,725,793		28,789,139	-	28,789,139
Phelps Dodge International Philippines, Inc.	-	250,000,000	250,000,000		-	-	-
AFC Agribusiness Corporation	7,381,000	-	-		-	7,381,000	7,381,000
Sutton Place Holdings	(8,384,571)	-	500		-	(8,385,071)	(8,385,071)
IQ Healthcare Investments Limited	7,156,720	-	-		-	7,156,720	7,156,720
Anscor International, Inc.	2,071,254,642	98,996,018	-		98,996,018	2,071,254,642	2,170,250,660
	2,146,894,529	**1,668,893,118**	**1,313,733,355**	**-**	**421,323,143**	**2,080,731,149**	**2,502,054,292**
RECEIVABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
Pamalican Resort Inc. (ASAC direct receivables)	493,895	1,240,312	742,339		991,868	-	991,868
Pamalican Resort Inc. (IAI direct receivables)	26,847,263	36,173,748	11,513,151		36,173,748	15,334,112	51,507,860
A. Soriano Corporation (PIHI direct receivables)	609,207	-	2,563		-	606,644	606,644
	27,950,365	37,414,060	12,258,053		37,165,616	15,940,756	53,106,372
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
Island Aviation Inc. (direct receivable of PRI)	57,305,081	1,489,364	-		1,489,364	57,305,081	58,794,445
Island Aviation Inc. (direct receivable of Seven Seas)	15,542,960	35,374,192	-		35,374,192	15,542,960	50,917,152
	72,848,042	36,863,556	-		36,863,556	72,848,042	109,711,597
SUTTON PLACE HOLDINGS, INC.. (Conso)							
A. Soriano Corporation (direct receivable of Sutton)	8,384,571	500	-		-	8,385,071	8,385,071
	8,384,571	500	-		-	8,385,071	8,385,071
ANSCOR INTERNATIONAL (Conso)							
IQ Healthcare Investments Limited)	-	7,923,795	-	-	7,923,795	-	7,923,795
	-	7,923,795	-	-	7,923,795	-	7,923,795

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
Anscor Holdings, Inc.							
Seven Seas Resorts & Leisure Inc.	-	380,278	348,535		31,743	-	31,743
Pamalican Resort Inc.	-	803,571	630,357		173,214	-	173,214
Summerside Corporation	-	51,083			51,083	-	51,083
	-	1,234,932	978,892	-	256,040	-	256,040
	109,182,977	**83,436,843**	**13,236,945**	**-**	**82,209,007**	**97,173,868**	**179,382,875**
PAYABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
A. Soriano Corporation	1,908,492	4,000,000	1,954,813		3,953,679	-	3,953,679
Seven Seas Resorts & Leisure Inc. (direct payable of IAI)	15,542,960	35,374,192	-		35,374,192	15,542,960	50,917,152
Pamalican Resort Inc. (direct payable of IAI)	57,305,081	1,489,364	-		1,489,364	57,305,081	58,794,445
	74,756,533	40,863,556	1,954,813		40,817,235	72,848,042	113,665,276
ANSCOR CONSOLIDATED CORPORATION							
A. Soriano Corporation	-	1,224,842,056	936,000,000		288,842,056	-	288,842,056
	-	1,224,842,056	936,000,000		288,842,056	-	288,842,056
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
A.Soriano Corporation (direct payable of PRI)	(26,986)	5,912,726	5,200,000		685,740	-	685,740
A.Soriano Corporation (direct payable of SSRLI)	68,705	56,511	-		56,511	68,705	125,216
Anscor Holdings, Inc. (direct payable of SSRLI)		380,278	348,535		31,743	-	31,743
Anscor Holdings, Inc. (direct payable of PRI)		803,571	630,357		173,214	-	173,214
A. Soriano Air Corporation (direct payable of PRI)	483,895	1,240,312	742,339		981,868	-	981,868
Island Aviation, Inc. (direct payable of PRI)	26,847,263	36,173,748	11,513,151		36,173,748	15,334,112	51,507,860
	27,372,877	44,567,146	18,434,382		38,102,824	15,402,817	53,505,641
PHELPS DODGE INTERNATIONAL PRODUCTS PHILIPPINES, INC. (PDIPI) - Conso							
A. Soriano Corporation (direct payable of PDP Energy)	31,431,688	85,083,244	87,725,793		28,789,139	-	28,789,139
A. Soriano Coporation (direct payyable of PDIPI)	-	250,000,000	250,000,000		-	-	-
	31,431,688	335,083,244	337,725,793		28,789,139	-	28,789,139
ANSCOR HOLDINGS INC. (Conso)							
A. Soriano Corporation	35,928,921	-	32,852,249		-	3,076,672	3,076,672
	35,928,921	-	32,852,249		-	3,076,672	3,076,672

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
SUMMERSIDE CORPORATION (Conso)							
A. Soriano Corporation	785,125	-	-		-	785,125	785,125
Anscor Holdings, Inc.	-	51,083	-	-	51,083	-	51,083
	785,125	51,083	-	-	51,083	785,125	836,208
AFC AGRIBUSINESS CORPORATION							
A. Soriano Corporation	7,381,000	-	-		-	7,381,000	7,381,000
	7,381,000	-	-		-	7,381,000	7,381,000
ANSCOR INTERNATIONAL (Conso)							
A. Soriano Corporation (direct payable of AI)	2,071,254,642	98,996,018	-		98,996,018	2,071,254,642	2,170,250,660
A. Soriano Corporation (direct payable of IQ Healthcare Investments Limited)	7,156,720	-	-		-	7,156,720	7,156,720
IQ Healthcare Investments Limited	-	7,923,795	-	-	7,923,795	-	7,923,795
	2,078,411,362	106,919,813	-	-	106,919,813	2,078,411,362	2,185,331,175
	2,256,067,506	**1,752,326,898**	**1,326,967,237**	**-**	**503,522,150**	**2,177,905,017**	**2,681,427,167**

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
AS OF DECEMBER 31, 2020
(Amounts in PHP)

Title of issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under caption "Current portion of long-term debt" in related balance sheet	Amount Shown under caption "Long-term debt - net of current portion" in related balance sheet
Loan availed by PDP:			
BDO UNIBANK (Note 1)	227,142,857	151,428,571	75,714,286
Total	227,142,857	151,428,571	75,714,286

Note 1 - In 2015, PDP Energy obtained a long-term loan to partially fund the P1.5 billion cash dividend paid to Anscor. Principal amount of the loan amounted to P1.2 billion payable in seven years with annual interest of 4.5%, subject to repricing at the end of the fifth year.

PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the Bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2020, PDP Energy is in compliance with the debt covenants.

In addition, the long-term loan is secured by the following collaterals, among others:
• Real estate mortgage over the land owned by Minuet;
• Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy's and PDEI's premises;
• Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
• Assignment of leasehold rentals of the properties located in PDP Energy's premises.

On December 19, 2016, the pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor was released by the bank.

The long-term loan also provides for pretermination without penalty.

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2020 AND 2019
(Amounts in PHP)

PARTICULARS	Balance at Beginning of Period	**Balance at End of Period**
Due From:		
Multi-media Telephony, Inc. (MTI) (Notes 1)	564,769,510	**564,769,510**
Others (Note 2)	82,772,036	**1,947,092**
	647,541,546	**566,716,602**
Less Allowance for Doubtful Accounts	564,761,343	**564,761,343**
RECEIVABLE - NET	82,780,203	**1,955,259**

Note 1 In June and September 2005, the Company entered into a loan agreement with MTI for the latter to issue convertible debts to the Company. The debts, totaling US$3.0 million are payable in 270 days and bear interest at 20% per annum. Prior to the payment date, the Company has the option to convert the said debt into Vicinetum Holdings, Inc.'s (VHI) (MTI's parent company) shares of stock.

In 2006, the Company provided additional advances to MTI amounting to US$6.5 million. The advances are payable in two years and bear interest at 20% per annum. The Company has the option to convert these advances to shares of stock of MTI.

In 2007, additional ₱25.0 million advances were extended to MTI to be converted to 278,822 shares of VHI.

As of December 31, 2009, these advances were converted into deposits for future stock subscription of VHI shares.

Note 2 2019 balance pertained mainly to cash advance of the Company to Fremont Holdings, Inc. of P80.6 million , used in the acquisition of lots in Malvar, Batangas. This was paid in March 2020.

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2020

(Amounts in PHP)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which this Statement is Filed	Nature of Guarantee
N A	NA	NA	NA	NA

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
AS OF DECEMBER 31, 2020

Title of Issue	Number of Shares Authorized	Number of Shares issued & Outstanding	Number of shares Reserved for Options,Warrants Conversions & Other Rights	Number of shares Held by			
				Subsidiaries	Related Parties	Directors, Officers & employees	Others
Common Stock	3,464,310,958	2,500,000,000	NA				
Treasury shares		-					
No. of shares issued (no. of shares outstanding - legal)		2,500,000,000		1,272,429,761	63,694,835	669,957,265	493,918,139
No. of shares held by a subsidiary (Anscor Consolidated Corporation)		(1,272,429,761) *					
No. of shares outstanding		1,227,570,239					

* As at December 31, 2020 and 2019, Anscorcon holds 1,272,429,761 shares and 1,249,872,246 shares, respectively, of the Company. Anscorcon purchased the Company's shares amounting to P285.8 million (22,557,515 shares) and P119.0 million (17,783,600 shares) in 2020 and 2019, respectively. In 2019, Anscorcon sold 56.0 million Company shares for P359.9 million.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building EDSA, Greenhills
City of Mandaluyong Metro Manila

Company Reg. No. PW-02

CERTIFICATE OF FILING
OF
AMENDED BY-LAWS

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Amended By-Laws of

A. SORIANO CORPORATION

copy annexed, adopted on March 06, 2007 by majority vote of the Board of Directors and on April 16, 2007 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 25th day of May, Two Thousand Seven.

BENITO A. CATARAN
Director
Company Registration and Monitoring Department

AMENDED BY-LAWS
OF
A. SORIANO CORPORATION

ARTICLE I

CAPITAL STOCK AND SHARES

Section 1. Each stockholder shall be entitled to one or more shares of the Corporation registered in its Stock Books in the name of the person who has subscribed thereto. Certificates of Stock shall be issued in numerical order from the Stock Certificates Book and shall be signed by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer, and countersigned by the Secretary and sealed with its corporate seal; Provided, that in lieu of the original signatures of the Chairman of the Board and Chief Executive Officer, or the President and Chief Operating Officer, and of the Secretary there may be substituted a facsimile of said signatures, in which case a certificate must bear the original and genuine signature of the Assistant Secretary or of an authorized representative of the Corporation's stock transfer agent and shall be sealed with the corporate seal. The certificates of stock shall be numbered in the order in which they are issued. On the stub of each certificate issued shall be recorded the data relative to each certificate.

Section 2. The certificates of stock may be transferred, sold, ceded or pledged by written endorsement on the back of the certificate and delivery thereof to the assignee, but the Corporation shall continue to honor the ownership of such certificate of the person in whose name it was issued, until such certificate is surrendered to the Secretary for cancellation and in lieu thereof a new certificate is issued in the name of the assignee.

The Corporation will refuse to record on its book the transfer of, and will not issue or sell, any shares of its capital stock or interest thereon, to persons who are not citizens of the Philippines, if, as a result of such issuance, sale or transfer, the total number of shares of capital stock owned on record or beneficially, as may be known to the Corporation, by non-Philippine citizens, will exceed FORTY PERCENT (40%) of the number of outstanding shares of capital stock and this restriction shall be indicated in all stock certificates.

Section 3. All certificates presented for transfer to the Secretary must be stamped "CANCELLED" on the face thereof together with the date of cancellation, and must be immediately attached to the corresponding stub in the stock book.

Section 4. New certificates of stock in lieu of those which have been lost or destroyed may be issued provided the owner of said certificates of stock, or his legal representative, shall file an affidavit, in triplicate, setting forth the circumstances under which said certificates have been lost or destroyed, the number of shares represented bv each certificate and the numbers of the certificates. The petitioner shall also submit such other information and evidence which he may deem convenient and necessary.

After verifying the affidavit and other information and evidence of the applicant with the books of the corporation, said corporation shall publish a notice of said loss in a newspaper of general circulation in the Philippines published in Manila, once a week for three consecutive weeks, at the expense of the petitioner. The notice shall state the name of the corporation, the name of the registered owner, the number of the certificates, and the number of shares represented by each certificate. After the expiration of one year from the date of the last publication, if no claim has been presented to said corporation regarding said certificates of stock, the right to make such claim shall be barred and said corporation shall cancel in its books the certificates of stock which have been lost or destroyed, issuing in lieu thereof new certificates of stock. If the registered owner files a bond satisfactory to the Board of Directors, running for a period of one year to indemnify the corporation during said period, of any loss or damages which it may incur for the issuance of the new certificates, the new certificates may be issued even before the expiration of the one-year period provided herein. Provided, however, that if a claim has been presented to the corporation or, if an action is pending in Court, regarding the ownership of said certificates of stock, the issuance of the new certificates of stock in lieu thereof shall be suspended until final adjudication by the Court regarding the ownership of the said certificates.

Section 5 The stock and transfer books of the corporation shall be closed for transfer at least twenty (20) days next preceding the Annual Meeting of Stockholders.

ARTICLE II

FUNDS OF THE CORPORATION

The funds of the Corporation shall be deposited in its name in such banks or credit institutions designated by the Board of Directors, with the exception of a small amount to be determined by the Board, which amount can be placed in the safe box of the Corporation.

ARTICLE III

MEETINGS

Section 1. The annual meeting of stockholders, legally constituted, represent the entire stockholdings and any resolutions adopted at such meetings are binding upon all stockholders present or absent.

Section 2. The meetings of stockholders shall be ordinary or extraordinary and held in the principal offices of the Corporation or in such place as may be designated by the Board within Metro Manila. Unless a different date and time preferably in April is fixed by the Board of Directors and only upon due notice, the annual meeting of stockholders shall be held at 10:00 o'clock in the morning on the THIRD WEDNESDAY OF OPRIL OF EACH YEAR, if not a legal holiday, and if a legal holiday, then on the day following. The special meeting of stockholders may be held at any time whenever so called by the Board of Directors or the Chairman and Chief Executive Officer.

Section 3. Notices of ordinary stockholders meeting shall be sent to stockholders or record at least fifteen (15) business days prior to the scheduled annual stockholders meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen (15) business days prior to the date of the meeting. The notice shall state the business to be discussed at the meeting and any other matters not stated therein shall not be touched upon. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 4. The meetings of stockholders, ordinary and extraordinary, duly called, shall be constituted and the minutes recorded, provided that more than one-half of the outstanding stock must be present or represented except in cases in which the Corporation Law requires a higher majority. If no quorum is constituted, the meeting shall be adjourned until the requisite number of stockholders shall be present. When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 5. For the election of Directors it shall be necessary that one-half plus one of all shares subscribed be present or represented.

Section 6. Any stockholder with the right to vote may be represented by proxy at any stockholders' meeting, ordinary or extraordinary. The proxies shall be in writing and signed, with no other formality required. The proxies for the ordinary meetings shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting, otherwise the proxies will be invalid. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

The Board of Directors shall set the date for validation of proxies which shall not be less than five (5) days prior to the scheduled annual stockholders meeting.

Section 7. Each share of stock, provided each share is fully paid for, is entitled to one vote in the name of the person recorded in the Stock Book of the Corporation.

Section 8. The election of directors must be made in accordance with law and every stockholder entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit;

provided, that the total number of votes cast by him shall not exceed the number of shares owned by him.

Section 9. In the annual meeting of stockholders, a board of SEVEN (7) directors shall be elected who will hold their offices for the ensuing term and until their successors are duly elected and qualified. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007 .)*

ARTICLE IV

BOARD OF DIRECTORS

Section 1. The corporate powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of SEVEN (7) Directors who shall be elected annually by the stockholders for a term of one (1) year and shall serve until the election and acceptance of their qualified successors. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007 .)*

Without prejudice to the general powers hereinabove conferred, the Board of Directors shall have the following express powers:

a. From time to time to make and change rules and regulations not consistent with the by-laws for the management of the Company's business and affairs;

b. To purchase or otherwise acquire for the Company, rights or privileges which the Company is authorized to acquire at such price and on such terms and conditions and for such consideration as it shall from time to time see fit;

c. To pay for any property or rights acquired by the Company or to discharge obligations of the Company either wholly or partly in money or in stock, bond, debentures or other securities of the Company;

d. To borrow money for the Company and for such purpose to create, make and issue mortgages, bonds, deeds of trust and negotiable instruments or securities, secured by mortgage or pledge of property belonging to the Company; provided that, as hereinafter provided, the proper officers of the Company shall have these powers, unless expressly limited by the Board of Directors;

e. To prosecute, maintain, defend, compromise or abandon any law suit in which the Corporation or its officers are either Plaintiffs or Defendants in connection with the business of the Corporation, and likewise, to grant installments for the payments or settlement of whatsoever debts are payable to the Corporation;

f. To delegate, from time to time, any of the powers of the Board in the course of the current business or businesses of the Company to any standing or special committee or to any officer or agent and to appoint any persons to be agents of the Company with such powers (including the power to sub-delegate), and upon such terms, as may be deemed fit; and

g. To dissolve doubts as to the meaning of these by-laws and supply the omissions thereof, and giving an account to the General Meeting of the same.

Section 2. No persons shall be elected director unless he has at lest twenty thousand shares of the capital stock of the Corporation registered in his name.

Section 3. In addition to the right of the Board of Directors to make nominations for the election of directors, nominations for the election of directors may be made by any shareholder entitled to vote for the election of directors if that shareholder complies with all of the following provisions:

a. Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on March 1 of every year or at such earlier or later date as the Board of Directors may fix.

b. Each nomination under the preceding paragraph shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interests and positions held by each nominee in other corporation. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

c. The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded.

Section 4. A director shall be qualified to hold office only upon pledging the twenty thousand shares registered in his name to the Corporation to answer for his conduct. If any vacancy shall occur among the directors by death, resignation or otherwise, the remaining directors, by affirmative vote of a majority thereof, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election of the new board of directors.

Section 5. Regular meetings of the Board of Directors shall be held once every quarter of the year in the office of the Corporation on such dates and at such times as the Chairman of the Board and Chief Executive Officer, or in his absence, the President and Chief Operating Officer may determine. Special meetings of the Board and Chief Executive Officer, or in his absence, of the President and Chief Operating Officer, or upon the request of a majority of the directors.

Section 6. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting.

Section 7. A majority of the entire membership of the Board shall constitute a quorum for the transaction of any business, and the decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act.

A written resolution signed by all the directors shall be binding and valid as if the same had been taken up by the Board in a meeting duly called.

ARTICLE V

EXECUTIVE COMMITTEE

The Board of Directors shall create an Executive Committee composed of five (5) members. The Executive Committee shall meet regularly at such times and places to be determined by a majority vote thereof. Unless otherwise provided for by the Board of Directors, the Executive Committee shall be composed of the Chairman and Chief Executive Officer, the Vice Chairman, the President and Chief Operating Officer, and two (2) officers or directors of the Company to be appointed by the Chairman. The Chairman and Chief Executive Officer of the Company shall act as Chairman of the Executive Committee.

The Executive Committee may act by majority vote of all of its members, on matters within the competence of the Board, except as specifically limited by law or by the Board of Directors. *(As amended by the Board on 2-15-00; by the stockholders on 4-19-00)*

All actions of the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board, provided that no rights of third parties arising out of acts approved by the Executive Committee and within its scope of authority shall be affected by such revision or alteration.

Regular minutes of the proceedings of the Committee shall be kept in a book provided for that purpose. Vacancies in the Committee may be filled by the Board of Directors, provided that the parties agree to vote their shares, instruct their directors (to the extent permitted by law), or otherwise exercise their rights as stockholders so as to elect a person nominated by the party that nominated the member whose death, resignation or removal from office caused the vacancy.

Three (3) out of the five (5) members of the Executive Committee shall be necessary to constitute a quorum, and in every case the affirmative vote of the three members shall be necessary for the passage of any resolution. The Executive Committee may act by the written resolution of a quorum thereof, although not formally convened. It shall fix its own rules of procedure and shall meet as provided by such resolution or by resolution of the Board, and shall also meet at the call of its Chairman.

The Board of Directors shall fix the compensation of the members of the Executive Committee.

ARTICLE VI

OFFICERS

Section 1. The officers of the Corporation shall consist of a Chairman of the Board, who shall be the Chief Executive Officer, a Vice Chairman of the Board, a President, who shall be the Chief Operating Officer, an Executive Vice President, one or more Vice Presidents, a Treasurer and an Assistant Treasurer, a Secretary and an Assistant Secretary and such other officers as may, from time to time, be chosen and appointed by the Board of Directors.

Section 2. The Chairman of the Board and Chief Executive Officer of the Corporation shall have the following powers and duties:

a. To preside at the meetings of the Board of Directors and of the Stockholders;

b. To carry out the resolutions of the Board of Directors;

c. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors;

d. To have general supervision and administration of the affairs of the Corporation;

e. To represent the Corporation at all functions and proceedings and, <u>unless otherwise directed by the Board , to attend and/or vote, (in person or by proxy) at any meeting of shareholders of corporations in which the Corporation may hold stock and at any such meeting, to exercise any and all the rights and powers incident to the ownership of such stock which the owner thereof might possess or exercise if present.</u> *(<u>As amended by the Board on 2-15-00; by the stockholders on 4-19-00</u>)*

f. To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which required the approval of the Board of Directors, except as otherwise directed by the Board of

Directors;

g. To make reports to the Directors and Stockholders;

h. To sign certificates of stock; and

i. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 3. The Vice Chairman shall exercise the functions of the Chairman and Chief Executive Officer as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer, and shall perform such other functions as the Board of Directors or the Chairman and Chief Executive Officer may from time to time entrust or delegate to him. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The President and Chief Operating Officer shall exercise the following functions:

a. To ensure that the administration and operational policies of the Corporation are carried out under the direction and control of the Chairman of the Board and Chief Executive Officer;

b. To supervise and direct the day-to-day business affairs of the Corporation;

c. To recommend to the Chairman of the Board and Chief Executive Officer specific projects for the attainment of corporate objectives and policies;

d. Subject to guidelines prescribed by law or by the Chairman of the Board and Chief Executive Officer, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, determine their salaries;

e. To oversee the preparation of the budgets and the statements of accounts of the Corporation;

f. To prepare such statements and reports of the Corporation as may be required by law;

g. To exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer may from time to time assign to him;

h. Unless otherwise directed by the Board of Directors or by the Chairman of the Board and Chief Executive Officer, to exercise the latter's functions as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer and the Vice Chairman of the Board.

Section 5. The Executive Vice President – In the absence or disability of the President and Chief Operating Officer, the Executive Vice President shall act in his place, exercise his powers and perform his duties pursuant to these By-Laws. The Executive Vice President shall also exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer or the President and Chief Operating Officer may assign.

Section 6. The Vice Presidents shall have such powers and shall perform such duties as may from time to time be assigned to them by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 7. The Secretary shall issue notices of all meetings; shall keep their minutes; shall have charge of the seal and the corporate books; shall sign with the Chairman of the Board and Chief Executive Officer or with the President and Chief Operating Officer the certificates of stock and such other instruments as may require such signature; shall act as the inspector at the election of directors and other voting by stockholders, and as such, determine the number of shares of stock outstanding and entitled to vote, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote; and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the Board of Directors. The Secretary may assign the exercise or performance of his duty to act as election inspector and all duties related thereto, including the tabulation of votes and the proper conduct of the election or vote, to any other person or persons, subject always to his supervision and control. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 8. In the absence of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned by the President and Chief Operating Officer.

Section 9. The Treasurer shall have the custody of all moneys, securities and values of the Corporation which come into his possession, and shall keep regular books of account. He shall deposit said moneys, securities and values of the Corporation in such banking institutions, as may be designated from time to time by the Board of Directors, subject to withdrawal therefrom only upon the checks or other written demands of the Corporation which have been signed by such officer or officers, or person or persons as the Board of Directors may from time to time direct.

Section 10. Assistant Treasurer – In the absence of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Assistant Treasurer shall also perform such other duties as may from time to time be assigned to him by the President and

Chief Operating Officer.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall indemnify every director, officer or member of the Board, his heirs, executors and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding to which he may be, or is, made a party by reason of his being or having been a director, officer or member of the Board of the Corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified did not commit such a breach of duty.

The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided for in the preceding paragraph upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

ARTICLE VIII

AUDIT OF BOOKS

Section 1. In any ordinary meeting of stockholders to be held, a firm of Certified Public Accountants shall be appointed by the stockholders to examine the books of accounts of the Corporation, until said appointment has been revoked in another ordinary meeting of stockholders.

Section 2. The duties of the Auditor shall be to examine the books of ac counts of the Corporation when he may deem convenient. Such audits shall be made at least once every year and he shall issue his report on the annual balance sheets, which report shall be published together with the balance sheets. To this effect, the Auditor shall be allowed free access at any time to any and all books, documents and files of the Corporation concerning the status of the treasury.

Section 3. A copy of the audited financial statements of the Corporation shall be deposited in the offices of the Corporation at least fifteen (15) business days prior to the date of the annual meeting and shall be at the deposit of the shareholders for approval. *As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The Board of Directors from time to time shall determine the remuneration of the Auditors; however, this power may be delegated to a Vice President or an Assistant Vice President.

Section 5. The fiscal year of the Corporation shall begin the first day of January and shall end on the last day of December of each year. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

ARTICLE IX

DISTRIBUTABLE FUNDS AND DISSOLUTION OF THE CORPORATION

Section 1. The Board of Directors may declare, from time to time, as partial dividends to the holder of stock, whichsoever funds of the Corporation the Board may deem not necessary for the carrying out of the purposes of the Corporation.

Section 2. The remuneration of the Board of Directors cannot be increased in the future without the approval, through a resolution, by the stockholders representing at lest a majority of the capital stock.

Section 3. Upon the expiration of the term of this Corporation if no agreement has been made regarding its extension, or, in case of dissolution, for any reason, the Board of Directors may perform the functions of liquidator and the applicable part of these by-laws shall continue in force and effect for the purpose and for the duration of such liquidation.

ARTICLE X

MISCELLANEOUS AND TRANSITORY PROVISIONS

Section 1. The Corporate Seal of the Corporation shall be circular in form and inscribed on its margin the name of the Corporation and the words “Makati, Rizal, Philippines” and within the circle, the words “Incorporated 1930”; and said seal shall, for the present, be adopted as seal of the Corporation.

Section 2. These By-Laws may be repealed, amended or revised at any special meeting of the Board of Directors called for the purpose when two-thirds of the members are present. Such amendments, revisions, repeals are to be presented to the stockholders for ratification at the Annual Stockholders’ Meeting immediately following such special meeting of the Board of Directors. Acts done by the Board pursuant to such amendments, repeals or revisions shall, unless and until expressly further amended or repealed by the stockholders, be deemed valid and shall bind the Corporation to all intents and purposes.

Section 3. These By-Laws shall be effective from this date, February 5, 1930, on which they were approved.

STOCKHOLDERS' CERTIFICATE

The undersigned stockholders of "Sorox y Cia", representing more than two-thirds (2/3) of the capital stock issued by the Corporation, for these presents, certify that the foregoing By-Laws and Regulations of the Corporation was adopted by unanimous vote of all stockholders at the Special Meeting of Stockholders held on February 5, 1930 called for this purpose.

IN WITNESS WHEREOF, we have signed these presents this 5th day of February 1930, setting forth opposite our names the corresponding shares owned by each of the undersigned:

(SGD.) A. SORIANO	185 Shares
(MARGARITA ROXAS VDA. DE SORIANO) p.p. (SGD.) A. SORIANO	10 Shares
(SGD.) FRANCISCO ORTIGAS	1 Share
(SGD.) JOHN R. SCHULTZ	1 Share
(SGD.) BENITO RAZON	1 Share
(SGD.) C. A. SOMBRAL	1 Share

DIRECTORS' CERTIFICATE

Manila, February 5, 1930

We the undersigned, a majority of the members of the Board of Directors of "Sorox y Cia", do hereby certify that the preceding typewritten pages constitute the By-Laws of the Corporation, as adopted by unanimous vote of all stockholders present, represented by more than two-thirds (2/3) of the total subscribed and paid-up capital stock of the Corporation in the Annual Meeting of Stockholders held on February 5, 1930 and called for that purpose.

SGD.) A. SORIANO

(SGD.) FRANCISCO ORTIGAS

(SGD.) JOHN R. SCHULTZ

(SGD.) BENITO RAZON

ATTEST:

(SGD.) BENITO RAZON
Secretary

2020
INFORMATION STATEMENT

A. SORIANO CORPORATION

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1.	Check the appropriate box: / / Preliminary Information Statement	:	/ x / Definitive Information Statement
2.	Name of the registrant as specified in its charter	:	A. SORIANO CORPORATION
3.	Province, or country or other jurisdiction of incorporation organization	:	Makati City, Philippines
4.	SEC Identification Number	:	PW - 02
5.	BIR Tax Identification Code	:	000-103-216-000
6.	Address of principal office	:	7th Floor, Pacific Star Building Makati Avenue corner Gil Puyat Avenue 1209 Makati City, Philippines
7.	Registrant's telephone number, including area code	:	(632) 8819-0251 to 60
8.	Date, Time and Place of the meeting	:	14 April 2021, Wednesday at 10:00 A.M. 7th Floor, Pacific Star Building Makati Avenue corner Gil Puyat Avenue Makati City The meeting will be conducted virtually.
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	The IS will be posted in the Company's website/PSE Edge on or before 18 March 2021
10.	In case of Proxy Solicitations Name of Person Filing the Statement/Solicitor	:	Atty. Lorna Patajo-Kapunan, Corporate Secretary
	Address	:	7th Floor, Pacific Star Building Makati Avenue corner Gil Puyat Avenue 1209 Makati City, Philippines
	Telephone Nos.	:	(632) 8819-0251 to 60

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 to debt is applicable only to corporate registrants):

Title of Each Class	:	Common Shares
Number of shares of Common Stock Outstanding or Amount of Debt Outstanding as of 31 January 2021	:	2,500,000,000

12.	Are any or all of registrant's securities listed in a Stock Exchange?	:	Yes
	If so, disclose name of the Exchange	:	Philippine Stock Exchange

INFORMATION STATEMENT

A. GENERAL INFORMATION

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

(a)

Date	:	Wednesday, 14 April 2021
Time	:	10:00 A.M.
Place	:	Virtual Meeting
Principal Office	:	7th Floor, Pacific Star Building Makati Avenue corner Gil Puyat Avenue 1209 Makati City, Philippines

(b) This information statement and the enclosed proxy form are posted in the Company's website and/or PSE Edge.

Item 2: Dissenter's Right of Appraisal

There are no corporate matters or action that will trigger the exercise by the stockholders of their Right of Appraisal under the Corporation Code. However, if at any time after the information statement has been sent out, an action which may give rise to the Right of Appraisal is proposed at the meeting, any stockholder who wishes to exercise such right and who voted against the proposed action must make a written demand within thirty (30) days after the meeting.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Item 3: Interest of Certain Persons in Opposition to Matters to be Acted Upon

(a) No Director or Executive Officer, nominated for re-election as Director, or his Associate has, at any time, any substantial interest, direct or indirect, by security holdings or otherwise, on any of the matters to be acted upon in the meeting, other than the approval of the Annual Report, election to office and ratification of acts of Management.

(b) None of the Directors has informed the Company of any intention to oppose an action intended to be taken by the Company.

B. CONTROL AND COMPENSATION INFORMATION

Item 4: Voting Securities and Principal Holders Thereof

(a) There are 2,500,000,000 shares of common stocks outstanding and issued as of 11 March 2021. All the issued shares are entitled to vote on a one (1) share - one (1) vote basis. The Company has only one class of shares.

(b) Only stockholders of record on the books of the Company at the close of business on 11 March 2021 will be entitled to vote at the Annual Meeting. Presence by proxy or through registration for the virtual ASM of a majority of the shares of common stock outstanding on the record date is required for a quorum.

(c) Pursuant to the Revised Corporation Code and as provided under Section 8, Article III of the By-Laws, every stockholder is entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. The proxy being solicited includes the authority to cumulate votes.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

i. Security Ownership of Certain Record and Beneficial Owners

As of 28 February 2021, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

Title of Class	Name/Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,272,329,761*	50.893%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	496,050,904	19.842%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	161,546,329	6.462%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account)	Filipino	120,218,437	4.809%

** Includes 122,287,251 shares lodged with PCD Nominee Corp. (Filipino).*

Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients of which ATRAM Trust Corporation is the sole owner of more than 5%, specifically 24.84%, the bulk of which or 17.558% is owned by Deerhaven, LLC, a company registered in Delaware, USA. Shares owned by Deerhaven, LLC are indirectly owned by Andres Soriano III. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines on 25 April 2003. Shares owned by A-Z Asia Limited Philippines, Inc. are indirectly owned by Eduardo J. Soriano.

Other than the above, there are no stockholders owning more than 5% of the Company's outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

ii. Securities Ownership of Directors and Management

As of 28 February 2021, the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature Of Security Ownership		Citizenship	Percent
Common	Andres Soriano III	489,428,270	Direct/Indirect	American	19.577%
Common	Eduardo J. Soriano	180,415,944	Direct/Indirect	Filipino	7.217%
Common	Oscar J. Hilado	20,000	Direct/Indirect	Filipino	0.001%
Common	Jose C. Ibazeta	32,951	Direct	Filipino	0.001%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	Johnson Robert G. Go, Jr.	20,100	Direct	Filipino	0.001%
Common	Alfonso S. Yuchengco III	20,000	Direct	Filipino	0.001%
Total		669,957,265			26.799%

William H. Ottiger, Narcisa M. Villaflor, Lorenzo D. Lasco, Atty. Lorna Patajo-Kapunan, Atty. Joshua L. Castro, Salome M. Buhion and Ma. Victoria L. Cruz do not own shares of the Company.

iii. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholder.

(e) No change in control of the Company occurred since the beginning of the last calendar year. Management is not aware of any arrangement which may result in a change in control of the Company.

Except as indicated in the above section on Security Ownership of Certain Record and Beneficial Owners, there are no other persons holding 5% or more of the common stock of the Company.

As of 28 February 2021 the foreign ownership level of total outstanding shares is 19.85%.

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

Item 5: Information required of Directors and Executive Officers

(a) Directors and Executive Officers

Pursuant to the Corporation's By-Laws, in addition to the right of the Board of Directors to make nominations for the election of Directors including independent Directors, nominations for Directors including independent Directors may be made by any shareholder entitled to vote for the election of Directors.

Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent through the Corporate Secretary), on the 1st of March of every year or at such earlier or later date as the Board of Directors may fix.

For this year, the Board of Directors set the deadline for nomination of Directors on 1 March 2021.

Each nomination under the preceding paragraph shall set forth the name, age, business address and, if known, residence address of each nominee, the principal occupation or employment of each such nominee, the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of the disqualified person shall be disregarded.

Mr. Eduardo J. Soriano, the Vice Chairman, nominated on 1 March 2021 all the nominees for Directors including independent Directors contained in the information statement. Mr. Soriano is not related to any of the independent Directors nominated. No other nomination was submitted as of 1 March 2021.

Unless marked otherwise, the proxies received will be voted FOR the election of the nominees named below who have signified their acceptance of their respective nominations. The Board of Directors has no reason to believe that any of such nominees will be unwilling or unable to serve if elected as a Director. Each Director shall serve until the next annual meeting of stockholders or until his successor is elected or appointed in case of vacancy due to death, resignation or removal. Management recommends a vote FOR the election of each of the nominees listed below. The nominees are incumbent Directors of the Company.

The nominations for independent Directors complies with SRC Rule 38, which requires that a corporation with a class of equity securities listed for trading on the Philippine Stock Exchange or with assets in excess of Fifty Million Pesos (₱50,000,000.00) and having two hundred (200) or more holders, at least two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities shall have at least two (2) independent Directors or such independent Directors shall constitute at least twenty percent (20%) of the members of such Board.

The two nominated independent Directors of the Company are Mr. Oscar J. Hilado and Mr. Alfonso S. Yuchengco III.

Mr. Hilado has been an independent Director of the Company for the last five years and will be on his 10th year as independent Director from April 2021 to April 2022. The Company is allowed to retain an independent Director who has served for more than nine (9) years to continue as long as meritorious justifications is provided and shareholders' approval is secured.

The Company believes that there are meritorious justifications to retain Mr. Hilado as an independent Director. He has been an essential member of the Board of Directors, serving at the same time as the Chairman of the Audit and Compensation Committees of the Company. He is highly qualified and well respected in the business community and sits as independent director in the Boards of other companies. He has performed his role as independent Director with dedication and commitment. His insights, wisdom, and knowledge of the Company gained from his experience over the years will help the Company navigate new challenges in the years ahead.

The retention of Mr. Hilado as independent Director will also preserve a well-balanced Board composition in terms of tenure. Mr. Yuchengco, the other nominee for independent Director and Mr. Go, another nominee for Director were first elected as Directors in 2019, thus, ensuring that the Board has fresh perspective from relatively new members. Because of the invaluable contribution of Mr. Hilado, the Company is unable to find a suitable replacement for him. Please refer to page 10 for his business experience.

Mr. Yuchengco is an independent Director since 2019.

They are neither officers nor employees of the Company or of any of its subsidiaries. They do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out their responsibilities. Further, the nominated independent Directors possess all the qualifications and none of the disqualifications to serve as independent Directors of the Company. The independent Directors are nominated and elected in the same manner as regular directors in accordance with the nomination and election procedures provided in the By-Laws. The Company amended its By-Laws on 10 June 2009 to incorporate the requirements of SRC Rule 38 with respect to the nomination and election of independent Directors.

A brief description of the nominated Directors' business experiences for the last five years follows:

ANDRES SORIANO III, age 69, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of The Andres Soriano Foundation, Inc. (1985 to present), Phelps Dodge International Philippines, Inc. (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present) and Pamalican Resort, Inc. (May 2011 to present); Director of International Container Terminal Services, Inc. (ICTSI) (July 1992 to present). Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation and was subsequently the Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 66, Filipino, Director of the Company since 21 May 1980; Vice Chairman of the Company (1990 to present) and Treasurer (1990 to September 2018); Chairman of Anscor Holdings, Inc. (2012 to present); Member of the Board of Trustees and President of The Andres Soriano Foundation, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 74, Filipino, Director of the Company since 22 April 2009; Executive Vice President and Chief Financial Officer of the Company (1990 to present); President and Director of Phelps Dodge Philippines Energy Products Corporation (1999 to present), and Anscor Holdings, Inc. (2012 to present); Director of Seven Seas Resorts and Leisure, Inc. (2008 to present); KSA Realty Corporation (2001 to present), Prople, Inc. (2007 to present), Testech, Inc. (2003 to present), T-O Insurance (2008 to present), Sumifru, Singapore (2003 to present), and Philippine British Assurance Co. Inc. (Nov. 2011 to present); Chairman and Director of ArthaLand Corporation (2007 to present); Member of the Board of Trustees of The Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of the Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business Administration, (1968), Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHNSON ROBERT G. GO, JR., age 55, Filipino, Director of the Company since 19 November 2019; Director of Universal Robina Corporation (May 5, 2005 to present), JG Summit Holdings, Inc. and Robinsons Land Corporation; President of the Dameka Trading, Inc., member of the Senior Advisory Board of Robinsons Bank Corporation and a Trustee of the Gokongwei Brothers Foundation, Inc. He received his Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University.

OSCAR J. HILADO, age 82, Filipino, an Independent Director of the Company since 13 April 1998; Chairman of Philippine Investment Management (PHINMA), Inc. (January 1994 to present); Chairman of the Board & Chairman of the Executive Committee of Phinma Corporation; Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Union Galvasteel Corporation (March 2017 to present), Director of Phil. Cement Corporation (July 2018 to present), Phinma Solar Energy Corporation (July 2017 to present); Phinma Hospitality, Inc. (July 2011 to present), Phinma Microtel Hotels, Inc. (July 2011 to present), Phinma Education Holdings, Inc. (March 2016 to present), Araullo University, Inc. (April 2004 to present), Cagayan de Oro College, Inc. (June 2005 to present), University of Iloilo, Inc. (August 2009 to present), University of Pangasinan, Inc. (August 2009 to present), Southwestern University (June 2016 to present), St. Jude College, Manila (January 2018 to present), Manila Cordage Corporation (1986 to present); Independent Director of Philex Mining Corporation (December 2009 to present), Rockwell Land Corporation (May 2015 to present), Smart Communications, Inc. (May 2013 to present), Digital Telecommunications Philippines, Inc. (DIGITEL) (May 2013 to present), Roxas Holdings, Inc. (March 2016 to present), Seven Seas Resorts & Leisure, Inc. and Pamalican Resort, Inc. (May 2011 to present), Beacon Property Ventures, Inc. (December 1994 to present), Cebu Light Industrial Park, Inc. (February 1996 to present), Pueblo de Oro Development Corporation (February 1996 to present), United Pulp and Paper Company, Inc. (December 1969 to present). Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce (1958), Masters Degree in Business Administration, Harvard Graduate School of Business, (1962).

JOSE C. IBAZETA, age 78, Filipino, Director of the Company from 1981 to 1998, 2004 to present; Consultant to the Chairman (2010 to present); Director of International Container Terminal Services, Inc. (ICTSI) (January 1988 to present), ICTSI Ltd. and ICTHI, Anscor Consolidated Corporation (1980 to present), Anscor Holdings, Inc. (2012 to present), Island Aviation, Inc., Minuet Realty Corporation (1995 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), President of Seven Seas Resorts & Leisure, Inc. (2008 to present), Pamalican Resort, Inc. (May 2011 to present) and Island Aviation, Inc.

(March 2017 to present); Member of the Board, Atlantic Gulf & Pacific Company of Manila, Inc.; Member of the Board, Executive Committee, Chairman of the Audit Committee and Member of the Compliance Steering Committee of AG&P Group Holdings Ptd Ltd.; FieldCOM, Inc. and GAS Entec Co. Ltd.; Member of the Board and Treasurer of AGP Philippines Holdings I, Inc.; Member of the Board of Trustees, Radio Veritas (1991 to present). Mr. Ibazeta was President and CEO of Power Sector Assets & Liabilities Management Corporation (PSALM) (February 2007 to March 2010) and Acting Secretary of Energy (April to June 2010). He is a graduate of Bachelor of Science in Economics, Ateneo de Manila University, (1963), MBA from the University of San Francisco, (1968) and, MBA Banking and Finance from the New York University (1972).

ALFONSO S. YUCHENGCO III, age 61, Filipino, an Independent Director of the Company since 10 April 2019 to present; Director of Mapua Institute of Technology (1999 to present); Chairman of Testech, Inc. (2003 to present); Chairman of Prople, Inc. (2009 to present); Member of the Board of Trustees of Semiconductor and Electronics Industries in the Philippines, Inc. (2011 to present). He is a graduate of BS Asian Studies from De La Salle University (1981).

The following are the members of the Executive Committee, Audit Committee, Compensation Committee and Nomination Committee:

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Oscar J. Hilado	Member
Mr. Ernest K. Cuyegkeng	Member
Mr. Jose C. Ibazeta	Member

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. Jose C. Ibazeta	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Alfonso S. Yuchengco III	Member

Nomination Committee:

Mr. Eduardo J. Soriano	Chairman
Mr. Oscar J. Hilado	Member
Mr. Alfonso S. Yuchengco III	Member

The following are not nominees but incumbent officers of the Company:

LORNA PATAJO-KAPUNAN, age 68, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of Kapunan & Castillo Law Offices; Corporate Secretary, Roxas Holdings, Inc. (1995 to 2014), Central Azucarera de Don Pedro (February 1995), Central Azucarera de la Carlota (March 1996), Beverage Industry Association of the Philippines (February 1991 to present), Seven Seas Resorts & Leisure, Inc. (November 1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to 2011), Uni-President Phils., Inc. (2002 to present), Huntly Corporation (February 1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to 2014), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001 to 2014), Jose M. Velero Corporation (2001 to 2014), Creative Concoctions, Inc. (2001 to 2014), Hotel Concepts, Inc. (September 2001 to present), Creative Hotel Concepts, Inc. (September 2001 to 2014), Culinary Events, Inc. (2001 to 2014), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to 2014), It's About Taste (I'ATE), Inc. (2002 to 2014), Kitchen Alley, Inc. (2001 to 2014), Les Maitres Gourmands, Inc. (July 2001 to 2014); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present), Elixir Gaming Technologies Philippines, Inc. (2007 to 2008), Elixir Group Philippines, Inc. (2006 to 2008); Director of AMAX Holdings Limited (2008 to 2014), Corporate Secretary, Blessed Mary Mother of the Poor Foundation, Inc. (2014), Montemar Beach Club, Inc. (2013 to present), Philcomsat Communications Satellite Corporation (Philcomsat) (2013 to present), UNLAD Foundation (2015). Graduate of University of the Philippines College of Law, (1978); Seminar Courses: Japan Institute of Invention and Innovation (JIII) Tokyo (1997); National Institute on Humanitarian Law, San Remo, Italy (September 2005); Summer Course International Humanitarian Law, Magdalene College, Cambridge University, London UK (July 2010). Bar Examiner, Mercantile Law (1988). The Outstanding Women In The Nations Service (TOWNS) Awardee – Corporate Law (1995); Filipinas Women Network (FWN) Influential Women Award (2016); Columnist, Business Mirror "Legally Speaking"; Program Host/Commentator "Laban Para Sa Karapatan" DWIZ, 882 AM; Top 100 Lawyers in the Philippines (2019 to 2020).

WILLIAM H. OTTIGER, age 53, Swiss, Senior Vice President and Corporate Development Officer; Treasurer of the Company (September 2018 to present); Director of Phelps Dodge International Philippines, Inc. (2004 to present); AG&P International Philippines, Inc. (2004 to present); Prople, Inc. (2004 to present), Seven Seas Resorts and Leisure, Inc. (April 2019 to present); ATRAM Trust Corporation (April 2019 to present) and ATR Asset Management, Inc. (2019). Formerly with Cirrus Medical Staffing, Inc. (USA); Enderun Colleges (Manila); San Miguel Brewing Hong Kong Ltd. and UBS Investment Bank London (UK). Graduate of Washington & Lee University, B.A. European History, (1990). London Business School, MBA, (2001).

NARCISA M. VILLAFLOR, age 58, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure, Inc., Pamalican Resort, Inc. and Anscor Holdings, Inc., The Andres Soriano Foundation, Inc., Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation; Trustee of The Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989; Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

LORENZO D. LASCO, age 58, Filipino, Vice President (joined the group in 1997); Director and General Manager of Anscor Holdings, Inc. (2000 to present); Director of AFC Agribusiness Corp.; Project Manager at Seven Seas Resorts and Leisure, Inc. (Amanpulo); used to be connected with Ayala Land, Inc. (ALI); Graduate of the Asian Institute of Management, Masters in Business Administration (1989).

JOSHUA L. CASTRO, age 46, Filipino, Vice President (April 2017 to present) and Assistant Corporate Secretary of the Company; Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge Philippines Energy Products Corporation and The Andres Soriano Foundation, Inc. (2006 to present); and Anscor Holdings, Inc. (2012 to present), Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005); Graduate of San Beda College of Law (1999).

SALOME M. BUHION, age 48, Filipino, Assistant Vice President- Accounting (April 2017 to present) and Accounting Manager (January 1998 to April 2017) of the Company; Assistant Manager, Business System Division (Support Management Group), Equitable PCI Bank, (1997); Auditor, SyCip Gorres Velayo & Co. (1994 to 1997); Certified Public Accountant.

MA. VICTORIA L. CRUZ, age 56, Filipino, Assistant Vice President of the Company (April 2017 to present); Executive Secretary to the Chairman (September 1998 to March 2017). Ms. Cruz was formerly the Executive Assistant to the Head of Mission of the Embassy of Peru. She also worked with Shangri-La's Mactan Island Resort, John Clements Consultants, Inc. and the Mandarin Oriental Hotel, Manila. She received a Bachelor of Science degree major in Business Management from De La Salle University in 1984.

(b) Resignation of Directors
Since the date of the last annual meeting, no incumbent Director has resigned or declined to stand for re-election to the Board of Directors due to disagreement with Management.

(c) Ownership Structure and Parent Company
The registrant has no parent company.

(d) Family Relationship
Andres Soriano III and Eduardo J. Soriano are brothers. There are no other family relationships known to the Company.

(e) Executive Officers and Significant Employees
There are no significant employees.

(f) Legal Proceedings
For the last five years and as of 31 January 2021, Management is not aware of any pending material legal proceeding i.e., bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

(g) Certain Related Party Transactions
There are no Management transactions during the year or proposed transactions to which the Company was or is to be a party, in which any of its Directors, nominees for election as Directors, Executive Officers, security holders owning more than 5% of the outstanding shares of the Company, or any member of the immediate family of any of the foregoing persons, have or is to have material interest.

Item 6: Compensation of Directors and Executive Officers

(a) As approved in 2004, Directors are paid a per diem of ₱20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and the Board of Directors.

Name	Principal Position	Compensation		
		2018 Actual	2019 Actual	2020 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer			
William H. Ottiger	Senior Vice President, Treasurer & Corporate Development Officer			
Narcisa M. Villaflor	Vice President & Comptroller			
Lorenzo D. Lasco	Vice President			
Joshua L. Castro	Vice President & Assistant Corporate Secretary			
Salome M. Buhion	Assistant Vice President-Accounting			
Ma. Victoria L. Cruz	Assistant Vice President			
Salaries		₱ 51,648,733	₱ 53,937,950	₱ 49,265,447
Benefits		1,429,599	1,775,523	1,775,523
Bonus		25,025,000	57,400,000	-
Sub-Total Top Executive		78,103,332	113,113,473	51,040,970
Other Directors		10,191,786	18,914,286	5,362,857
Total		₱ 88,295,118	₱ 132,027,759	₱ 56,403,827

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

All the Executive Officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named Executive Officers that will result from their resignation, retirement or any other termination or from change in control in the Company or change in the named Executive Officers' responsibilities following a change in control.

(c) Warrants and Options Outstanding
There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

Item 7: Independent Public Accountants

(a) SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing calendar year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors of the Company for the ensuing year.

(b) In compliance with SRC Rule 68 paragraph 3(b) (IV) (Rotation of External Auditors), the SGV audit partner, as of December 2020, is Ms. Dhonabee B. Señeres, who is on her second year of audit engagement.

(c) A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

(d) The Company has no disagreement with its independent auditors on Accounting and Financial Disclosures and changes in Accounting and Financial Disclosures are included in the attached Notes to Financial Statements, if applicable.

(e) Audit and Audit Related Fees
The Company paid to its external auditors the following fees for the past two years:

Year	Audit Fees
2020	**₱ 1,320,000**
2019	₱ 1,320,000

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

(f) Tax Consultancy and Other Fees
No tax consultancy fees were paid by the Company to SGV for the year 2020. Other fees, which are non-tax related paid to SGV in 2020 amounted to ₱1,248,000.00. In 2019, payments to SGV for tax consultancy fees amounted to ₱150,000.00 while other fees (non-tax related) totaled ₱1,204,876.80.

Tax consultancy and other fees paid to the external auditors are evaluated and approved by the Audit Committee ensuring always that the independence of the external auditors is maintained.

Item 8: Compensation Plan

There are no matters or actions to be taken up in the meeting with respect to any compensation plan pursuant to which cash or noncash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9: Authorization or issuance of securities other than exchange

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10: Modification or Exchange of Securities

There is no matter or action to be taken up for the modification or exchange of any class of the Company securities.

Item 11: Financial and Other Information

The audited financial statements (included in the annual report) as of December 31, 2020, Management's Discussion and analysis, market price of shares and dividends and other data related to the Companies' financial information are attached hereto as "Annex B".

1. Financial statements meeting the requirements of SRC Rule 68, as amended; (please see pages 13 to 113 of the Annual Report attached hereto)
2. "Annex B", management discussion and analysis and plan of operation; and (please see pages 30 to 54 of the Definitive Information Statement)
3. "Annex B", changes in and disagreements with accountants on accounting and financial disclosure. (please see page 54 of the Definitive Information Statement)

Item 12: Mergers, Consolidation, Acquisitions, and Similar Matters

There is no action to be taken with respect to any transactions involving mergers, consolidation, acquisitions or similar matters.

Item 13: Acquisition or Disposition of Property

There is no action to be taken with respect to acquisition or disposition of any property.

Item 14: Restatement of Accounts

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Financial Reporting Standards (PFRSs) which became effective beginning 1 January 2020. The adoption of these new or amended or revised standards and interpretations will not result to any restatement of accounts.

D. OTHER MATTERS

Item 15: Action with Respect to Reports

The following reports/minutes shall be submitted for approval/ratification:

(a) Approval of Minutes of Annual Meeting of Stockholders on 17 June 2020

The Minutes of Annual Meeting of Stockholders of the Company held on 17 June 2020 ("Minutes") will be presented for approval of the stockholders. Such action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in said Minutes since Stockholders' approval and action on those items had already been obtained in that meeting and subsequently carried out.

The Minutes and related records are available for inspection at the office of the Company during business hours. In addition, a copy of the Minutes is posted at the Company's website at https://www.anscor.com.ph/disclosures/minutes-of-all-general-or-special-meetings/.

Summary of the Minutes of 17 June 2020:

In the Annual Stockholders' Meeting the following were taken up:

1. Approval of the minutes of previous meeting.

FOR	AGAINST	ABSTAIN
2,263,081,271	0	0

2. Presentation of the Chairman and Chief Executive Officer's Message to Stockholders and approval of 2019 Annual Report and Audited Financial Statements as of December 31, 2019.

FOR	AGAINST	ABSTAIN
2,263,081,271	0	0

3. Election of members of the Board of Directors.

Name of Director	Number of Votes
Mr. Andres Soriano III	2,263,081,271
Mr. Eduardo J. Soriano	2,263,081,271
Mr. Ernest K. Cuyegkeng	2,263,081,271
Mr. Jose C. Ibazeta	2,263,081,271
Mr. Oscar J. Hilado	2,263,081,271
Mr. Johnson Robert G. Go, Jr.	2,263,081,271
Mr. Alfonso S. Yuchengco III	2,263,081,271

4. Approval of the amendment of the following portions of Article IX of the Articles of Incorporation ("AOI") of the Company:

(a) Reclassification of Five Million (5,000,000) common shares with par value of One Peso (₱1.00) per share or total par value of Five Million Pesos (₱5,000,000.00) into Five Hundred Million (500,000,000) preferred shares with par value of One Centavo (₱0.01) per share or total par value of Five Million Pesos (₱5,000,000.00); and

(b) Addition of second, third, and fourth paragraphs to Article IX to indicate the features of the preferred shares.

Second paragraph - The preferred shares of stock may be issued to Philippine nationals or foreign persons or entities. The holders of preferred shares shall have the same voting rights as the holders of the common shares.

Third paragraph - The holders of the preferred shares shall not be entitled to dividends.

Fourth paragraph - The holders of the preferred shares shall share with the holders of common shares in the distribution of the remaining assets of the Corporation in case of liquidation, based on the par value of the shares held by them after the satisfaction of all legitimate obligations of the Corporation to third parties in accordance with law.

FOR	AGAINST	ABSTAIN
2,242,295,956	20,785,315	0

5. Approval of the amendment of last paragraph of Article IX to state that shareholders shall have no pre-emptive rights in shares of stock issued by the Corporation.

FOR	AGAINST	ABSTAIN
2,242,295,956	20,785,315	0

6. Approval of the amendment of the first paragraph of Article XIII to indicate that the two-thirds (2/3) vote of the stockholders required for any amendment of the AOI applies to all the outstanding shares of stock of the Corporation.

FOR	AGAINST	ABSTAIN
2,263,081,271	0	0

7. Appointment of external auditors.

FOR	AGAINST	ABSTAIN
2,263,081,271	0	0

8. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting.

FOR	AGAINST	ABSTAIN
2,263,081,271	0	0

A total of 2,263,098,638 or 90.52% of the issued and outstanding capital stock of the Corporation were represented at the meeting by proxy or were present through remote communication in accordance with the Company's procedure for the Annual Meeting. All the directors participated remotely during the virtual meeting.

The votes casts were tabulated from the proxy provided by the stockholders and through the Online Stockholder Voting System. The results were verified by representatives from SyCip Gorres Velayo & Company.

The Chairman entertained and answered questions from stockholders emailed in advance prior to the meeting in accordance with the procedure for the Annual Meeting.

In the Organizational Meeting that followed after the Stockholders' Meeting, the Executive Officers were re-elected and the members of the Audit Committee, Executive Committee, Compensation Committee, and Nomination Committee were re-appointed.

(b) Approval of 2020 Audited Financial Statements

The Audited Financial Statements of the Company for the period ended 31 December 2020 will be submitted for approval of the stockholders at the Annual Meeting.

SGV had examined the Financial Statements in accordance with generally accepted auditing standards and have expressed their opinion on the fairness of the presentation in their report to the Board of Directors and Stockholders of the Company. The information and representation in the Financial Statements are the responsibility of Company's Management.

(c) Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since 17 June 2020 Meeting

As a matter of corporate policy, Management seeks the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since 17 June 2020. These are reflected in the Minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, and in the 2020 Annual Report of the Company. For reference, attached herewith (**Annex A**) is a list of all the resolutions approved by the Board of Directors since 2 April 2020 which are the subject of ratification by the stockholders.

(d) Dividend Policy

Declaration of dividends is subject to the discretion of the Board of Directors and to the availability of unrestricted retained earnings. Please see page 53 of the information statement for the dividends declared by the Company.

(e) Attendance Report

Attendance of each director of the Company in the board meetings for the year 2020 are as follows:

Names of Directors	February 2, 2020	April 2, 2020	June 17, 2020	August 18, 2020	November 11, 2020
Andres Soriano III	✓	✓	✓	✓	✓
Eduardo J. Soriano	✓	✓	✓	✓	✓
Ernest K. Cuyegkeng	✓	✓	✓	✓	✓
Oscar J. Hilado	✓	✓	✓	✓	✓
Jose C. Ibazeta	✓	✓	✓	✓	✓
Johnson Robert G. Go, Jr.	✓	✓	✓	✓	✓
Alfonso S. Yuchengco III	x	✓	✓	✓	✓

(f) Related Party Transactions of Directors

Please see Item 5 (g), page 15 of the Definitive Information Statement.

Item 16: 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 the security holders.

Item 17: Amendment of Charter, By-laws or Other Documents

There is no action to be taken with respect to any amendment of the Company's Articles of Incorporation or By-laws.

Item 18: Other Proposed Actions

As indicated in the Notice of Annual Meeting of the Stockholders, the fourth item on the agenda is for approval of shareholders for Mr. Oscar J. Hilado to continue to act as the Independent Director of the Company. The Company is allowed to retain an independent Director who has served for more than nine (9) years based on meritorious justification/s and provided shareholders' approval is secured.

The Company believes that there are meritorious justifications to retain Mr. Hilado as an independent Director. He has been an essential member of the Board of Directors, serving at the same time as the Chairman of the Audit and Compensation Committees of the Company. He is highly qualified and well respected in the business community and sits as independent director in the Boards of other companies. He has performed his role as independent Director with dedication and commitment. His insights, wisdom, and knowledge of the Company gained from his experience over the years will help the Company navigate new challenges in the years ahead. The retention of Mr. Hilado as independent Director will also preserve a well-balanced Board composition in terms of tenure. Mr. Yuchengco, the other nominee for independent Director and Mr. Go, another nominee for Director were first elected as Directors in 2019, thus, ensuring that the Board has fresh perspective from relatively new members. Because of the invaluable contribution of Mr. Hilado, the Company is unable to find a suitable replacement for him. Please refer to page 8 for his business experience.

Item 19: Voting Procedures

(a) All questions and elections shall be decided by majority vote of stockholders present and in proxy and entitled to vote thereat.

(b) Stockholders may vote during the 2021 ASM either (1) by Proxy or (2) by voting in absentia through our Online Stockholder Voting System.

1. Voting by Proxy:

    a. Download and fill up the Proxy Form at https://www.anscor.com.ph/disclosures/proxy. The Chairman, or in his absence, the Vice-Chairman, the Chief Financial Officer or the Corporate Secretary is authorized to cast the votes pursuant to the instructions in the Proxy Form.
    b. Send a scanned copy of the executed Proxy Form by email to our Stockholder Relations Officer, Ms. Rose Reyes at rose.reyes@anscor.com.ph or at registration@anscor.com.ph.
    c. The scanned copy of the executed Proxy Form should be emailed to above not less than ten (10) working days prior to the ASM or not later than 26 March 2021.

d. The hard copy of the signed Proxy Form should be delivered to: The Corporate Secretary, 7th Floor, Pacific Star Building, Gil Puyat Avenue corner Makati Avenue, Makati City once the GCQ has been lifted.

2. Voting in absentia through the Online Stockholder Voting System:

   a. Follow the Registration and Participation/ Attendance Procedure set forth above.
   b. Signify your intention to vote in absentia through the Online Stockholder Voting System by email to registration@anscor.com.ph not later than three (3) working days before the 2021 ASM or not later than 8 April 2021.
   c. Upon validation, the Company will send an email to the stockholder containing the link for the Online Stockholder Voting System and the instructions for casting votes in the Online Stockholder Voting System. Registered stockholders shall have until the adjournment of the ASM on 14 April 2021 to cast their votes.
   d. All agenda items indicated in the Notice of Meeting will be included in the Online Stockholder Voting System and the registered stockholder may vote as follows:

      i. For items other than election of the Directors, the stockholder may vote: "For", "Against", or "Abstain". The vote shall be considered as cast for all the stockholder's shares.
      ii. For the election of Directors, the stockholder may vote for all the nominees, not vote for any of the nominees, or vote for some of the nominees only, in such number of shares as the stockholder may see fit, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of Directors to be elected.

   e. Once voting is completed in the Online Stockholder Voting System, the stockholder shall proceed to click on the "Submit" button which shall complete the process. Once submitted, the stockholder may no longer change the votes cast. The votes cast in absentia will have equal effect as votes cast by proxy.

Other Matters

As of the date hereof, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting. If other matters come before the meeting, the proxy holders will vote in accordance with his best judgment with respect to such matters that are not known to the solicitors at a reasonable time before the solicitation is made.

The Company shall provide to the stockholders, without charge, on written request the Annual Report of the Company on SEC Form 17-A, and list of stockholders as of record date. All such requests for a copy of the Annual Report, and list of stockholders shall be directed to the Corporate Secretary, 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City, Philippines.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 18 March 2021.

LORNA PATAJO-KAPUNAN
Corporate Secretary

ANNEX A

Resolutions Approved During the Meetings of the Board of Directors of A. Soriano Corporation for the Period April 2, 2020 to February 18, 2021

1. **Board Meeting held on April 2, 2020**

1.1 RESOLVED, as it is hereby resolved, that the declaration of ₱0.25 per share regular cash dividend and ₱0.50 per share special cash dividend on March 16, 2020 with record date of March 31, 2020 and payment date on April 27, 2020 is hereby ratified and approved. Mr. Ernest K. Cuyegkeng, the Executive Vice President & Chief Financial Officer is hereby directed and authorized to cause the payment of the said cash dividends on the specified date.

2. **Board Meeting held on June 17, 2020**

2.1 RESOLVED, That the Board of Directors of A. Soriano Corporation by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board of Directors and President of the Corporation as its own Report to the Stockholders for the year ended December 31, 2019.

2.2 RESOLVED, as it is hereby resolved, that the approval by email on May 11, 2020 of the Company's Annual Stockholders' Meeting (ASM) on June 17, 2020, Wednesday, at 10:00 A.M. to be conducted virtually via Zoom is hereby ratified and approved;

RESOLVED, FURTHER, that the approval by email on May 11, 2020 of the Procedure for Registration, Participation and Voting in the 2020 ASM of the Company is hereby ratified and approved.

2.3 RESOLVED, as it is hereby resolved, that the Integrated Annual Corporate Governance Report (I-ACGR) of the Corporation for the year 2019 pursuant to SEC Memorandum Circular No. 15, Series of 2017 is hereby approved.

3. Board Meeting held on August 18, 2020

3.1 RESOLVED, as it is hereby resolved, that pursuant to the exercise of appraisal right, the Board hereby ratifies and approves the previously approved buy back of 20,785,315 Anscor dissenting shares held by various companies of Mr. Raymond Moreno for the price of ₱13.18 per share or a total purchase price of ₱274,376,444.66 made pursuant to the exercise of appraisal rights by the said various companies.

3.2 RESOLVED, as it is hereby resolved, to authorize the Corporation to apply for a credit line with The Landmark for the procurement of office supplies; hereby authorizing Atty. Joshua L. Castro to sign any and all documents necessary in connection with the said application for credit line.

4. Board Meeting held on November 11, 2020

4.1 RESOLVED, that A. Soriano Corporation (the "Corporation") hereby approves the designation of the following:

Official electronic mail address:	joshua.castro@anscor.com.ph
Alternate electronic mail address:	complianceofficer@anscor.com.ph
Official mobile number:	(63) 917-8425874
Alternate mobile number:	(63) 919-0958300

RESOLVED, FURTHER, that the Corporation authorize, as it hereby authorizes the Securities and Exchange Commission of the Philippines to send notices, letter-replies, orders, decisions, and/or other documents emanating from the Commission through the foregoing e-mail addresses and mobile numbers for the purpose of complying with the notice requirement of administrative due process.

4.2 RESOLVED, that the appropriation of retained earnings of the Company as of October 31, 2020 amounting to ₱7.15 billion is hereby extended for another three years for its investment in business activities related to digital technology, services, retail and manufacturing, whether based in the Philippines or offshore.

5. Board Meeting held on February 18, 2021

5.1 RESOLVED, as it is hereby resolved, that the audited Financial Statements of A. Soriano Corporation for the year ended December 31, 2020 is hereby approved.

5.2 The Board proceeded to approve the record date, proxy validation date and the date of the Annual Stockholders' Meeting as follows:

Record Date – March 11, 2021
Proxy Validation Date – April 6, 2021
Date of Stockholders' Meeting – April 14, 2021

5.3 RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a regular cash dividend of Fifty Centavos (₱0.50) per share on the common stock of the Corporation, payable on April 14, 2021, to all stockholders of record as of the close of business on March 17, 2021, and Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

ANNEX B
MANAGEMENT REPORT

I. Brief Description of General Nature and Scope of the Business and Management's Discussion and Analysis of Operation

Description of General Nature and Scope of Business

A. Soriano Corporation ("Anscor") was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments. Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has an investment in a Company engaged in steel modular engineering, construction, LNG and gas distribution. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, business process outsourcing and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments, mainly the trading gain on marketable securities and bonds.

Growing the businesses is vital to Anscor's long-term success. The Company keeps a tight watch on the existing portfolio of businesses and new opportunities as they emerge.

As of 31st December 2020, the Company's consolidated total assets stood at ₱21.6 billion. For the year ended 31st December 2020, consolidated revenues of the Company amounted to ₱7.6 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2020:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
International Quality Investment Healthcare Ltd.	100%	Holding Company	British Virgin Island

Company	Ownership	Business	Jurisdiction
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	USA
Prople Limited, Inc.	32%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	32%	Business Processing & Outsourcing	Philippines
AG&P International Holdings, Pte Ltd.	21%	Modular Steel Engineering / LNG Construction	Singapore
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercrest Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
AFC Agribusiness Corporation	81%	Agricultural Land Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Summerside Corporation	40%	Real Estate Holding	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines
Fremont Holdings, Inc.	26%	Real Estate Holding	Philippines
ATRAM Investment Management Partners Corp.	20%	Asset Management	Philippines
KSA Realty Corporation	14%	Realty	Philippines

Below are the Key Performance Indicators of the Group:

Over the last years, consolidated revenues and net income from operations are as follows (in thousand pesos except earnings per share):

		Years Ended December 31				
		2020		2019		2018
REVENUES						
Sale of goods - net	₱	**6,448,196**	₱	8,208,375	₱	8,292,509
Services		**767,570**		1,342,390		1,314,705
Dividend income		**259,109**		373,587		301,778
Interest income		**82,204**		124,478		109,516
		7,557,079		10,048,830		10,018,508
INVESTMENT GAINS (LOSSES)						
Gain (loss) on increase (decrease) in market values of FVPL investments		**(76,521)**		1,151,784		33,493
Gain (loss) on sale of FVOCI investments		**1,150**		11,860		(2,701)
Loss on disposal of a subsidiary		**-**		–		(6,111)
		(75,371)		1,163,644		24,681
EQUITY IN NET LOSSES AND IMPAIRMENT LOSS		**(598,006)**		(517,090)		(262,184)
TOTAL		**6,883,702**		10,695,384		9,781,005
INCOME BEFORE INCOME TAX		**460,045**		2,367,750		1,252,042
PROVISION FOR INCOME TAX		**291,320**		429,374		347,219
NET INCOME		**168,725**		1,938,376		904,823
OTHER COMPREHENSIVE INCOME (LOSS)		**(189,753)**		(101,982)		49,503
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱	**21,028)**	₱	1,836,394	₱	954,326
Net Income Attributable to:						
Equity holders of the Parent	₱	**165,647**	₱	1,843,615	₱	808,387
Noncontrolling interests		**3,078**		94,761		96,436
	₱	**168,725**	₱	1,938,376	₱	904,823
Total Comprehensive Income (Loss) Attributable to:						
Equity holders of the Parent	(₱	**24,106)**	₱	1,741,633	₱	857,889
Noncontrolling interests		**3,078**		94,761		96,437
		(21,028)	₱	1,836,394	₱	954,326
Earnings Per Share						
Basic/diluted, for net income attributable to equity holders of the Parent	₱	**0.13**	₱	1.53	₱	0.67
Basic/diluted, for total comprehensive income attributable to equity holders of the Parent	(₱	**0.02)**	₱	1.44	₱	0.71

Year 2020 Financial Performance

For 2020, Anscor reported a net income of ₱165.6 million, as compared to a net income of ₱1.8 billion in 2019.

With the contraction of the Philippine economy, the Philippine Stock Exchange (PSE) Index fell by 8.6% and Anscor's domestic investment portfolio generated a loss of ₱784.0 million. The loss, however, was offset by a gain of ₱637.5 million from the investment in Y-mAbs Therapeutics, Inc., a clinical stage biotechnology company, listed on the NASDAQ in the United States, and by gains in the value of the investments in foreign and local bonds. As a consequence of this diversification, the overall financial portfolio ended 2020 with a modest loss.

Despite the challenges brought about by the pandemic, Phelps Dodge Philippines Energy Products Corporation (PDP) generated a very creditable net profit and Amanpulo broke even; unfortunately, these positive results were offset by another year of deep losses at AGP International Holdings PTE Ltd. (AG&P). Given AG&P's history of disappointing financial performance, Anscor decided to write down the carrying cost of our 21.4% investment in AG&P to zero, so as not to impact Anscor's future financial results. Notwithstanding this setback, Anscor's balance sheet remains strong.

Given the strong financial position and ample liquidity, Anscor declared a cash dividend of ₱0.75 per share in March 2020, from results achieved in 2019.

For 2020, Anscor's book value per share decreased from ₱15.95 to ₱15.23.

The Soriano Group Operations

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. (PDP)

PDP's strength of character, culture and most of all, its dedicated employees enabled the company to weather two months of closure and still produce very solid results. Its strong balance sheet enabled the company to extend credit terms to its distributors and provide assistance during these trying times.

As the pandemic took hold, PDP focused on assisting its employees by providing subsidies, loans and the advance payment of the 13th month pay, particularly during the two-month shutdown.

Most importantly, health protocols were immediately established and enforced to ensure the safety and well-being of the company's workforce. For the full-time employees, work-from-home rules were implemented quickly, including providing the necessary equipment and Wi-Fi connections. A shuttle service, meant to minimize exposure of employee-commuters to the virus, was provided for those who needed to be physically present at PDP's offices and factory.

PDP employees were exemplary in protecting the company's assets and in assisting their customers with conference calls and sharing best practices.

As soon as the quarantine was lifted in Tarlac, PDP promptly resumed normal operations, achieved production targets, made deliveries, and arranged flexible payments for customers affected by the stoppage of their projects.

The company was able to assist its stakeholders by donating building wires and food packages to the local government of Tarlac. PDP also helped the Small Island Program of the Andres Soriano Foundation and donated food packages and hygiene kits to flood victims in Northern and Southern Luzon.

For 2020, PDP registered total revenue of ₱6.5 billion and a net income of ₱692.0 million. Volumes sold fell by 20% vis-a-vis 2019 and net income declined 14%. A favorable exchange rate, strong copper prices and prudent cost management helped maintain healthy margins.

The company paid Anscor a management fee of ₱87.4 million and a cash dividend of ₱250.0 million in 2020.

Despite higher inventories due to delayed deliveries and a growth in receivables, the company's cash flow was positive. The increase in working capital was offset by the postponement of several large capital expenditure items that had originally been budgeted for the year.

SEVEN SEAS RESORTS AND LEISURE, INC. (OWNER OF AMANPULO RESORT)

Immediately after the Resort was mandated to close its operations in March 2020, Management implemented a strict protocol for its staff on Pamalican Island and developed a robust set of programs to ensure the safety of guests, in anticipation of the eventual reopening.

The Resort closed for almost four months and after presenting the Department of Tourism with a comprehensive safety plan for guests and employees, the Resort was allowed to reopen at 50% capacity in June 2020. The protocols developed by Amanpulo have become the “gold” standard for the industry. In November, the Resort was allowed to increase its capacity to 75 %, and to 100% in December.

Through aggressive marketing initiatives targeted at the domestic market, Amanpulo saw steady gains in occupancy and finished the year at 36.9% with total revenue of ₱646.3 million. Although lower than last year's occupancy rate of 54.2% and revenue of ₱1.1 billion, Amanpulo maintained a positive EBITDA of 18.1% or ₱124.8 million.

Amanpulo also received numerous international citations. The Resort is among the "Top 10 Best Hotels and Resorts in the Philippines" in the DestinAsian Readers Choice Awards. Destination Deluxe handpicked Amanpulo as a finalist for "Private Island of the Year," while the Gallivanter's Guide UK named Amanpulo as "Best Ever Resort Hotel Worldwide."

Amanpulo has earned top spots as the "World's Leading Dive Resort," "Asia's Leading Private Island Resort," the "Philippines' Leading Luxury Hotel Villa" and the "Philippines' Leading Private Island Resort" in the World Travel Awards 2020. The Amanpulo Spa was named as the "Philippines' Best Resort Spa" for 2020 by the World's Spa Awards.

In December, Amanpulo's filtration and bottling plant began producing its own branded drinking water. Succeeding phases aim to meet all of the island's drinking water needs and eliminate the use of water in plastic bottles to reduce Amanpulo's carbon footprint.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

During the most difficult economic environment in recent history, ATRAM solidified its position as the leading independent asset management firm in the Philippines.

ATRAM's assets under management (AUM) stood at ₱131.2 billion at the end of 2020, 5% lower than the prior year's AUM of ₱138.7 billion. The decrease in AUM was attributed to the negative market revaluation of the local equity market, which was partially offset by positive net fund inflows of ₱4.0 billion.

ATRAM's digital transformation initiatives over the past years enabled the firm to adapt quickly to the new virtual environment. With a successful work-from-home implementation, ATRAM was able to operate at full capacity throughout the year and service its clients with relative ease throughout the lockdowns.

The company stepped up its digital marketing initiatives across its social media platforms including organizing over a hundred ATRAM investment webinars that reached thousands of participants. ATRAM's expeditious response to the changing business landscape helped the company retain and attract new clients.

Efforts to innovate and differentiate its products and services continued amidst the crisis. ATRAM's global feeder fund range and fixed income funds performed well and gave clients the opportunity to invest in sectors such as Technology and Healthcare that were growing, in spite of the pandemic. ATRAM's new discretionary-managed portfolio offering for wealth clients also gained traction.

Seedbox, ATRAM's digital wealth technology platform for retail clients, expanded its user base to over one million users. ATRAM and Seedbox jointly collaborated with the Bangko Sentral ng Pilipinas (BSP) to digitally relaunch the Personal Equity Retirement Account (PERA) program, the voluntary pension pillar for Filipinos, that aims to reach five million investors over five years.

As a testament to ATRAM's consistent excellent performance, the Group received a number of awards and recognitions. Asian Investor awarded ATRAM as the "Best Local Fund House in the Philippines" for 2020, its third award of this kind in the last six years. The Asset, another regional publication, recognized ATRAM as the "Top Investment House in the Philippines" for the Local Bond category while the Chartered Financial Analyst Society Philippines cited ATRAM's Total Return Bond Fund as the "Best Managed Bond Fund" of 2020.

With renewed focus and optimism, ATRAM aims to accelerate growth built on new sources of revenues, digitally enabled channels, and a relentless focus on delivering quality products.

KSA REALTY CORPORATION (owner of the Enterprise Center)

The leasing industry was one of the industries most affected by the COVID-19 pandemic as government-mandated lockdowns affected many tenants of The Enterprise Center (TEC). Many of TEC tenants were not able to operate at optimal rates and sustained operating losses, and, as a result, requested rental concessions, some of which were granted, after careful review.

Average occupancy during the year was 95%, marginally lower than last year's 98%.

While the occupancy rate dropped, TEC managed to offset this with a 5% increase in average effective rent from ₱1,434 per sq.m. in 2019 to ₱1,502 per sq.m. in 2020. This resulted in a slight increase in operating income in 2020 and net income reached ₱1.1 billion.

TEC declared ₱850.0 million in dividends in 2020 of which ₱121.4 million was Anscor's share.

AGP INTERNATIONAL HOLDINGS PTE LTD. (AG&P)

AG&P had another challenging year in 2020.

Its construction and engineering operations were forced to curtail activity due to the Philippine government-mandated quarantine. Lockdowns in India halted the development of its liquefied natural gas (LNG) terminal and its distribution operations. It was also hampered by a lack of liquidity, as efforts to raise new equity fell behind schedule. Its difficulties notwithstanding, AG&P has broken ground on its first LNG terminal in India and has begun rolling out compressed natural gas stations across India, where it has exclusive concessions to distribute natural gas to over 66 million people.

The Company registered a net loss of US$103.2 million against revenues of US$96.8 million, the third year in a row of losses. Anscor remains very concerned with the slow development of its LNG operations and its weak financial performance.

STARTUP AND PRIVATE EQUITY VENTURES

A portion of the Company's assets are dedicated to early stage and private equity opportunities.

Anscor began investing in **Y-mAbs Therapeutics, Inc.** in 2015 and it was listed on the NASDAQ (Ticker: YMAB) in September 2018. Y-mAbs is a clinical-stage biopharmaceutical company focused on the development and commercialization of novel, antibody-based therapeutic products to treat cancer.

Y-mAbs has a broad and advanced product pipeline, including two pivotal-stage product candidates, naxitamab and omburtamab. Naxitamab received its first approval from the US Food and Drug Administration in November 2020.

The Company invested US$5.0 million in **Macquarie ASEAN Technology Investments Holdings II LP**, a special-purpose vehicle invested exclusively in shares of Grab Holdings, Inc. Grab is the leading on-demand transportation and food delivery provider in Southeast Asia with leading market share in seven countries, including the Philippines.

Anscor has committed US$10.0 million in **Navegar II LP**, a Philippine-focused private equity fund, which began deploying funds in early 2020. Investments are focused on the e-commerce and business process outsourcing (BPO) sectors.

The Company has also made a total investment in **Sierra Madre Philippines I LP**, a Philippine-based private equity fund, of US$3.3 million out of a US$9.0 million commitment. The Fund has invested in the logistics, semiconductor services, education and BPO sectors.

Other early stage investments include, **Madaket, Inc.**, an innovative US software service platform that automates healthcare provider data management processes, and **Medifi**, a Philippine-based online healthcare platform that connects doctors and patients.

Other Information

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development

- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer

- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.
- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

Components of financial soundness and indicators of the Group are shown in Annex E of this report.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods Ended December 31	
	2020	2019
Revenues (excluding investment gains or losses)	**1,599,751**	1,770,817
Investment Gains (Losses)	**(730,936)**	856,917
Net Income	**569,610**	2,334,750
Total Comprehensive Income	**569,407**	2,357,159
Earnings Per Share		
Net Income	**0.23**	0.93
Total Comprehensive Income	**0.23**	0.94
Market Price Per Share (PSE)	**6.60**	6.42

The Key Financial Indicators of the Major Subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos

	12/31/2020	12/31/2019	12/31/2018
1. Net sales	**6,448**	8,208	8,293
2. Gross profit	**1,366**	1,546	1,231
3. Net income	**692**	804	636

Seven Seas Group

In Million Pesos

	12/31/2020	12/31/2019	12/31/2018
1. Occupancy rate	**36.9%**	54.2%	58.8%
2. Hotel revenue	**646.3**	1,140.9	1,100.8
3. Gross operating profit (GOP)	**205.2**	537.3	509.3
4. GOP ratio	**31.7%**	47.1%	46.3%
5. Resort net income (loss)	**(13.3)**	223.6	225.4
6. Lease net income	**13.9**	12.5	9.9
7. Consolidated net income	**0.6**	236.1	235.3

Occupancy rate is based on actual room nights sold over room nights on a 12-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

Outlook

Anscor expect economic activity to recover with the decline of new daily recorded COVID-19 cases that will reduce prospects of future lockdowns, and with the advent of vaccinations. The authorities have engaged in multilateral initiatives to secure vaccines, with a rollout expected to start in March of 2021.

Liquidity provided by the Central Bank, Government-sponsored stimulus programs, the Build Build Build infrastructure push, and fiscal reforms, such as reduced corporate income taxes and targeted fiscal incentives, will all aid the country's economic recovery and support future growth.

Anscor's key subsidiaries are all positioned to benefit as the Philippines and the regional economies recover. PDP will be a direct beneficiary of improved economic prospects and stronger construction activity. Palawan has been identified as one of the "Top 10 Most Popular Destinations for Post-Lockdown Travel" by a global travel site and Amanpulo is well-positioned to receive affluent domestic and international tourists, once regional travel resumes. Although uncertainties remain around the short-term prospects for office leasing, KSA remains optimistic that its iconic property will continue to outperform the broader office market in 2021.

Anscor's conservative and strong balance sheet helped it to remain resilient throughout the pandemic and leaves it well positioned to take advantage of the anticipated recovery. Protecting stakeholder investments and sustaining stakeholders' trust will remain its guideposts.

Employees

The Company and the Group as of December 31, 2020, has 24 and 699 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	12	169	181
Rank and file	12	506	518
TOTAL	**24**	**675**	**699**

- The Company and the Group were not subjected to any employees' strike in the past three years nor were there any threatening strike for the ensuing year.
- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).
- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

Properties

Anscor owns and maintains its office at 7th Floor, Pacific Star Building in Makati City with approximately 2,000 square meters. Also, the company owns office units A and D, 8th Floor, at 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City.

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectare property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.

- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. Additional 62 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2020.

- AHI has interests in land covering an area of approximately 111.39 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 36.9 hectares in Cebu. Also, AHI owns 1.27 hectare properties in Puerto Princesa.

- AFC Agribusiness has 97.4 hectares of land in Guimaras.

Other Information:

- The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.

- There were no commitments for major capital expenditures or acquisitions of properties in the next twelve months.

Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of December 31, 2020 versus December 31, 2019 except for the decline in value of FVPL and FVOCI investments, when the Philippines Stock Exchange index went down due to the pandemic caused by COVID-19.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2020 and 2019.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash generated from operating and investing activities partially offset by cash used in financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements.)

Fair Value Through Profit and Loss (FVPL) Investments
Net decrease in this account amounted to ₱1.1 billion. The decrease can be attributed to net disposal of investments amounting to ₱946.4 million, the decline in the market value of investments of about ₱76.5 million and unrealized foreign exchange loss related to foreign denominated investments amounting to ₱77.1 million.

Receivables
The decrease was mainly attributable to the collection of loans amounting to ₱238.9 million from Powersource Group Holdings Corporation.

Inventories
The increase was due to higher level of finished goods and raw materials inventories of the wire manufacturing and aviation subsidiaries.

Prepayments
Increase in this account can be attributed mainly to prepaid expenses related to manufacturing and resort operations.

Other Current Assets
Change in the account balance can be attributed to the decrease in deposits to the contractors and suppliers of the resort.

Fair Value Through Other Comprehensive Income (FVOCI) – total current and noncurrent
Net decrease in this account amounted to ₱236.3 million. The decrease can be attributed to net disposal of ₱222.5 million, unrealized foreign exchange loss of ₱4.9 million and the decrease in market value of AFS investments of about ₱8.9 million.

Notes Receivable
The decrease was attributable to the collection of advances by the parent company to Anscor Retirement Plan from the latter's cash dividend from its investment in Anscor shares.

Investments and Advances
The decrease in investments and advances were due to share in net losses of associates amounting to ₱598.0 million mainly AG&P and the unrealized foreign exchange loss related to foreign equity investment of ₱79.4 million. Collection of advances from the associates amounted to ₱80.8 million.

Property, Plant and Equipment - net
Depreciation charged to operations amounted to ₱267.9 million while additions to property and equipment amounted to ₱186.3 million that was mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries.

Investment Properties - net
Decrease was due to depreciation amounting to ₱14.7 million.

Retirement Plan Assets
Change in the retirement plant asset arises mainly from contribution to the plan assets.

Deferred Income Tax Assets
Increase in the account was mainly due to deferred tax effect of the allowance for impairment loss on receivables and inventories of the manufacturing subsidiary.

Right-of-Use-Assets
With the adoption of PFRS 16, *Leases*, the manufacturing subsidiary as a lessee recognized asset representing the right to use the asset/property during the lease term. The decrease was mainly due depreciation of the right-of-use-assets.

Other noncurrent assets
Change in the account balance can be attributed to the decreased in deposits to suppliers related to capital expenditure requirements of the resort.

Notes Payable
In 2020, IAI, an aviation subsidiary obtained a loan from a bank amounting to ₱23.2 million.

Accounts Payable and Accrued Expenses
The decrease was mainly attributable to the lower purchases of the resort and wire manufacturing subsidiaries and decrease in accruals due to the pandemic.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2020 due to problematic addresses of some of the Company's stockholders. Last cash dividends of ₱0.75 per share to shareholders was paid on April 27, 2020.

Lease Liability (current and noncurrent)
With the adoption of PFRS 16, *Leases*, the manufacturing subsidiary as a lessee recognized a liability for future lease payments. The amount of lease liabilities was reduced for the lease payments made.

Income Tax Payable
Movement in the account was attributable to tax provision of the aviation and wire manufacturing subsidiaries for 2020, partially offset by income taxes paid during the year by the Group.

Long-term Debt (current and noncurrent)
The decrease in the account can be attributed to payment by the Parent Company, PDP and IAI of the loan principals in 2020.

Deferred Income Tax Liabilities
Decrease in the account was mainly due to the deferred tax effect on the decrease in value of FVPL investments, bonds and unquoted equities and funds.

Retirement Benefits Payable
Increase resulted from lower return on plan assets.

Other noncurrent liabilities
Decrease in the account balance was mainly due to the use of deposit from villa owners for back of house facilities improvement of the resort subsidiary.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc. Due to the appreciation of Philippine peso vis-à-vis US$, CTA balance decreased by ₱174.0 million.

Unrealized valuation gain on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to December 31, 2020.

Remeasurement on Retirement Benefits
Decrease in the account was mainly due to net effect of the increase in the retirement benefits payable and the retirement plan assets.

Cost of shares held by a subsidiary
In 2020, Anscor Consolidated Corporation (Anscorcon), purchased 22.6 million Anscor shares amounting ₱285.8 million.

Noncontrolling Interest (equity portion)
Slight increase was mainly due to share of minority shareholders in the net income of aviation subsidiary for the year 2020.

Others
There were no commitments for major capital expenditures in 2020.

Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The discussions below were based on the consolidated results of the Company and its subsidiaries for the year ended December 31, 2020 as compared to consolidated results for the year ended December 31, 2019:

Revenues
This year's consolidated gross revenues of ₱6.9 billion were significantly lower than the last year's revenues of ₱10.7 billion mainly due to decrease in market value of FVPL investments of ₱76.5 million vs a gain of ₱1.2 billion in 2019. Revenues of the resort and wire manufacturing operations were lower than last year as a result of community quarantine imposed by the Government due to COVID-19 pandemic, while share in net losses of associates amounting to ₱598.0 million was higher as compared to ₱517.1 million in 2019. Dividend income also decreased from ₱373.6 million to ₱259.1 million.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to decline in volume sold by the wire manufacturing subsidiary.

Services Rendered
Decrease in cost of services rendered was mainly due to lower occupancy rate of the resort subsidiary this year versus last year.

Operating Expenses
The Group reported a decrease in operating expenses for 2020 mainly due to lower overhead of the subsidiaries due to the quarantine imposed in 2020 due to COVID-19. Lower salaries, advertising and promotion, delivery and utilities cost were reported in 2020.

Interest Expense
Amount in 2020 was lower than 2019 due to payment of long-term loan by the Parent Company and PDP.

Foreign Exchange Gain (Loss)
Due to the depreciation of dollar vis-à-vis peso, the parent company reported foreign exchange loss on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net
The tax provision of the resort and wire manufacturing subsidiaries for 2020 decreased due to lower profits.

Year Ended December 31, 2019 Compared with Year Ended December 31, 2018 (as reported in 2019 SEC 17-A)

Revenues
This year's consolidated gross revenues of ₱10.7 billion was higher than last year's revenue of ₱9.8 billion, mainly due to the gain on increase in market value of FVPL investments of ₱1.2 billion vis-à-vis a gain of ₱33.5 million in 2018. Also, the dividend income of the Parent Company was higher in 2019.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to lower cost of goods of the wire manufacturing subsidiary.

Services Rendered
Increase in cost of services rendered can be attributed to higher cost of services of resort operation, mainly energy costs.

Operating Expenses
The Group reported higher operating expenses mainly due to increased overhead of the resort and manufacturing subsidiaries.

Interest Expense
Amount in 2019 was lower than 2018 due to payment of long-term loan by the Parent Company and PDP.

Foreign Exchange Gain (Loss) - Net
Due to the appreciation of Peso vis-à-vis US Dollar, the Parent Company reported higher foreign exchange loss on foreign-currency denominated investment in financial assets offset by foreign exchange gain on its dollar-denominated loan.

Provision for Income Tax - Net
The current provision for income tax of the Group increased primarily due to higher taxable income of PDP which reported improved profits for 2019.

Year Ended December 31, 2018 Compared with Year Ended December 31, 2017 (as reported in 2018 SEC 17-A)

Revenues
This year's consolidated gross revenues of ₱9.8 billion was lower by ₱803.6 million from last year's revenue of ₱10.6 billion. 2017 revenues include gain of ₱1.1 billion from divesting Cirrus Medical Staffing, Inc. In addition, the gain on increase in market value of FVPL investments last year was ₱1.4 billion vs a gain of ₱33.5 million in 2018. These were offset by the increase in sales revenue of PDP Energy, which was higher by ₱1.1 billion or 15.4%. Also, resort operations reported improved revenues.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher cost of goods sold of the wire manufacturing subsidiary due to their increased revenues.

Services Rendered
Increase in cost services rendered was mainly attributable to higher cost of services of resort operation.

Operating Expenses
The Group reported higher operating expenses mainly due increased expenses of the Resort due to its higher occupancy rate.

Interest Expense
Amount in 2018 was lower than 2017 due to payment of long-term loan by the Parent Company and PDP.

Foreign Exchange Gain
Due to the deprecation of peso vis-à-vis dollar, the parent company reported higher foreign exchange gain on foreign currency denominated investment in financial assets offset by foreign exchange loss on its dollar denominated loan.

Provision for Income Tax - Net
The current provision for income tax of the Group increased due higher taxable income of PDP and the Resort which reported higher profits for 2018.

Noncontrolling Interests (Statements of Income)
Increase was mainly due to share of minority shareholders in the higher net income of Seven Seas for the year 2018.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

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

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

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

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

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

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

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

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

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

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

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

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

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

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

  The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2021

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

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

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

  - Relief from discontinuing hedging relationships

  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

- The Group shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and

  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

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

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

- Annual Improvements to PFRSs 2018-2020 Cycle

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 9, *Financial Instruments, Fees in the "10 percent" test for derecognition of financial liabilities*

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

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

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

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

- What is meant by a right to defer settlement

- That a right to defer must exist at the end of the reporting period

- That classification is unaffected by the likelihood that an entity will exercise its deferral right

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Other Financial information

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

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2020 and onwards.

- The management has no knowledge of known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

- There is no other change in composition of the registrant, no restructuring, except the business combination mentioned above.

- There is no other material event subsequent to the reporting period that has not been reflected in the financial statements.

Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippines Financial Reporting Standards (PFRSs).

2. The financial statements were prepared in accordance with the disclosures required by SRC Rules 68 and 68.1, current PFRS/IAS.

3. The consolidated financial statements included disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

Audited Financial Statements

The audited Financial Statements as of 31 December 2020 are included in pages 13 to 113 while the Statement of Management Responsibility is on page 12 of the 2020 Annual Report attached to this Definitive Information Statement.

II. Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

The Company has no disagreement with its independent auditors on Accounting and Financial Disclosures and changes in Accounting and Financial Disclosures that are included in the attached Notes to the Financial Statements, if applicable.

III. External Audit Fees

SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing calendar year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors of the Company for the ensuing year.

In compliance with SRC Rule 68 paragraph 3(b) (IX) (Rotation of External Auditors), the SGV audit partner, as of December 2020, is Ms. Dhonabee B. Señeres, who is on her second year of audit engagement.

A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

Audit and Audit Related Fees

The Company paid to its external auditors the following fees for the past two years:

Year	Audit Fees
2020	**₱ 1,320,000.00**
2019	₱ 1,320,000.00

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

Tax Consultancy and Other Fees

No tax consultancy fees were paid by the Company to SGV for the year 2020. Other fees, which are non-tax related paid to SGV in 2020 amounted to ₱1,248,000.00. In 2019, payments to SGV for tax consultancy fees amounted to ₱150,000.00 while other fees (non-tax related) totaled ₱1,204,876.80.

Tax consultancy and other fees paid to the external auditors are evaluated and approved by the Audit Committee ensuring always that the independence of the external auditors is maintained.

IV. Market Price of Shares and Dividends

The Principal Market where the registrant's Common equity is traded:

Philippine Stock Exchange
Latest Market Price – 28 February 2021

Previous close	High	Low	Close
7.35	7.40	7.35	7.35

The following are the high and low sale prices of the shares of the Company for each quarter within the last two fiscal years:

	2020		2019	
Quarter	**High**	**Low**	**High**	**Low**
First	**6.71**	**5.70**	6.88	6.26
Second	**6.26**	**5.90**	6.87	6.35
Third	**7.95**	**6.00**	7.13	6.55
Fourth	**8.50**	**6.20**	6.97	6.31

Source: PSE Report

The total number of stockholders/accounts as of 28 February 2021 is 11,073 holding 2,500,000,000 shares of common stock.

Dividends

In 2020 and the first quarter of 2021, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	**0.25**	**16-Mar-2020**	**31-Mar-2020**	**27-Apr-2020**
Special	**0.50**	**16-Mar-2020**	**31-Mar 2020**	**27-Apr-2020**
Regular	**0.50**	**18-Feb-2021**	**17-Mar 2021**	**14-Apr-2021**

The cash dividends declared by the Board of Directors in 2019 was:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	0.20	21-Feb-2019	15-Mar-2019	10-Apr-2019
Special	0.05	21-Feb-2019	15-Mar-2019	10-Apr-2019
Special	0.25	19-Nov-2019	04-Dec-2019	12-Dec-2019

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of 31 December 2020, the Company has sufficient retained earnings available for dividend declaration.

Security Holders

The top 20 stockholders as of 28 February 2021 based on Stock Transfer Service, Inc. report is broken down as follows:

Stockholder Name	Number of Common Shares	% of Ownership
1. Anscor Consolidated Corporation	1,272,329,761*	50.893
2. PCD Nominee Corp. (Non-Filipino)	496,050,904	19.842
3. A-Z Asia Limited Philippines, Inc.	161,546,329	6.462
4. PCD Nominee Corp. (Filipino)	112,523,602	4.501
5. Universal Robina Corporation	64,605,739	2.584
6. A. Soriano Corporation Retirement Plan	63,694,835	2.548
7. Philippines International Life Insurance Co., Inc.	57,921,593	2.317
8. C & E Property Holdings, Inc.	28,011,922	1.120
9. Edmen Property Holdings, Inc.	27,511,925	1.100
10. MCMS Property Holdings, Inc.	26,513,928	1.061
11. Express Holdings, Inc.	23,210,457	0.928
12. EJS Holdings, Inc.	15,518,782	0.621
13. DAO Investment & Management Corp.	8,628,406	0.345
14. Philippine Remnants Co., Inc.	7,556,183	0.302
15. Balangingi Shipping Corporation	2,767,187	0.111
16. Leonardo Siguion Reyna	2,625,000	0.105
17. Lennie C. Lee	2,000,000	0.080
18. Jocelyn C. Lee	2,000,000	0.080
19. Jose C. Lee	1,798,000	0.072
20. F. Yap Securities, Inc.	1,361,011	0.054
Total	**2,378,175,564**	**95.127**

* *Included 122,287,251 shares of Anscor Consolidated Corporation.*

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

V. Compliance with Leading Practice on Corporate Governance

As part of the Company's continuing efforts to comply with leading practice on corporate governance, on 10 March 2010, the Company submitted to the SEC and PSE its revised Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 6, Series of 2009. The Manual on Corporate Governance was further revised on 18 February 2011 to comply with additional requirements of the SEC. On 02 July 2014, the Company submitted to the SEC and PSE its Amended Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 9, Series of 2014.

With the promulgation of the Code of Corporate Governance for Publicly Listed Companies under SEC Memorandum Circular No. 19 dated November 22, 2016, the Company submitted to the SEC and PSE its Manual on Corporate Governance in compliance with said Circular. This Manual superseded all previous Manuals on Corporate Governance of the Company including its revisions.

All the revisions to the Manual on Corporate Governance are discussed and deliberated upon by the Board of Directors prior to its approval and subsequent submission to the SEC.

The Board of Directors and Management evaluates on an annual basis, the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. These improvements are contained in the Company's Integrated Annual Corporate Governance Report and updates thereto to be submitted to the SEC yearly. Further, Directors of the Company are required, before assuming office and annually thereafter, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, following SEC's thrust to promote a better corporate governance environment, the Company complied with SEC Memorandum Circular No. 11, Series of 2014, which provides for template for publicly-listed companies' websites. The Company's website contains all the items indicated in said Circular.

As of 28 February 2021, there were no deviations from the Company's Manual on Corporate Governance.

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

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Fax: (632) 8819 0872
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018 valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group) as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated February 18, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management.

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

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-098-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534366, January 4, 2021, Makati City

February 18, 2021

A. SORIANO CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

Annex C:	Supplementary Schedule of Retained Earnings Available for Dividend Declaration
Annex D:	Group Structure

ANNEX C

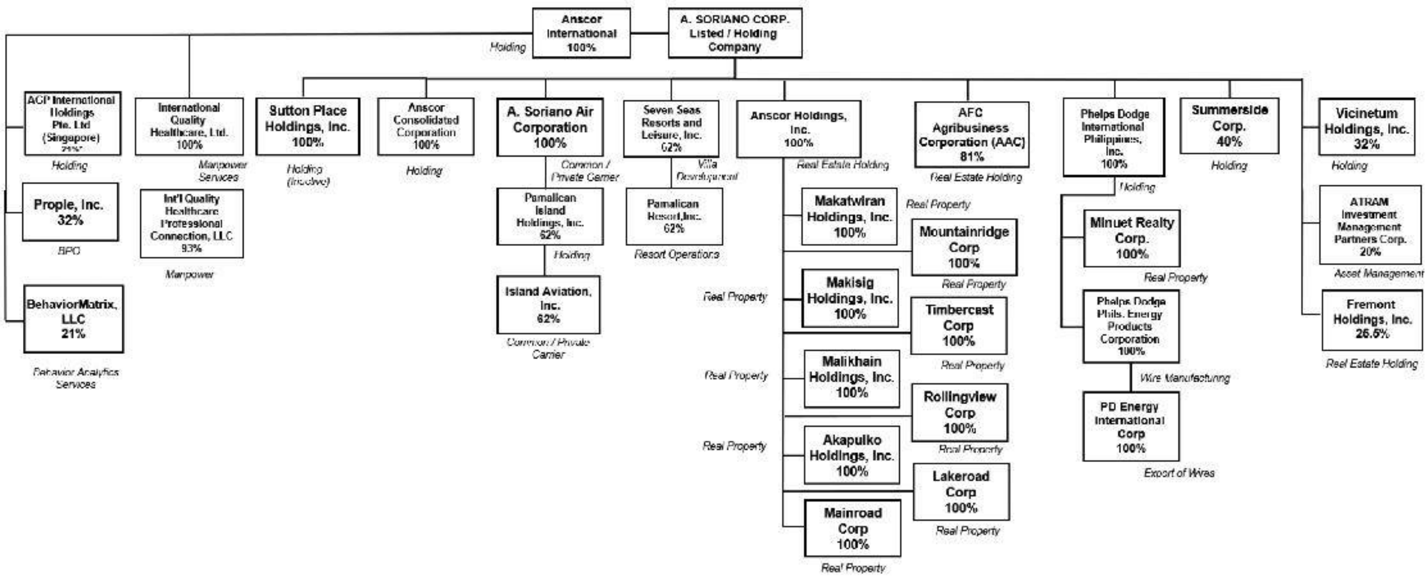
A. SORIANO CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020

Unappropriated retained earnings, as adjusted to available for dividend distribution, January 1, 2020		**₱ 3,317,096,763**
Add: Net income actually earned/realized		
Net income during the period	569,609,986	
Deferred taxes	(3,380,842)	566,229,144
Net income actually earned		**3,883,325,907**
Less dividend declarations		(1,875,000,000)
Total retained earnings available for dividend declaration, December 31, 2020		**₱ 2,008,325,907**

ANNEX D

A. SORIANO CORPORATION AND SUBSIDIARIES

GROUP STRUCTURE
DECEMBER 31, 2020



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

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated February 18, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-098-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534366, January 4, 2021, Makati City

February 18, 2021

ANNEX E

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS AND INDICATORS
DECEMBER 31, 2020 AND 2019

			2020		2019	
i	Current Ratio	Total Current Assets	16,157,261,437	10.03 : 1	16,622,628,416	9.82 : 1
		Total Current Liabilities	1,610,273,637		1,693,432,046	
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets	15,050,824,355	9.35 : 1	15,656,264,270	9.25 : 1
		Total Current Liabilities	1,610,273,637		1,693,432,046	
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization	457,820,886	19.55%	2,115,795,161	81.14%
		Total Liabilities	2,341,894,799		2,607,562,447	
iv	Debt-to-Equity Ratio	Total Liabilities	2,341,894,799	0.13 :1	2,607,562,447	0.13 : 1
		Equity Attributable to Equity Holders of the Parent	18,695,575,051		19,943,119,811	
v	Asset-to-Equity Ratio	Total Assets	21,602,285,333	1.16	23,112,420,092	1.16
		Equity Attributable to Equity Holders of the Parent	18,695,575,051		19,943,119,811	
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	484,455,675	19.85	2,416,114,941	49.96
		Interest Expense	24,411,138		48,364,623	
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent	165,646,806	0.89%	1,843,615,322	9.24%
		Equity Attributable to Equity Holders of the Parent	18,695,575,051		19,943,119,811	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	165,646,806	0.77%	1,843,615,322	7.98%
		Total Assets	21,602,285,333		23,112,420,092	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	165,646,806	2.41%	1,843,615,322	17.24%
		Total Revenues	6,883,700,687		10,695,384,232	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	18,695,575,051	15.23	19,943,119,811	15.95
		Outstanding Nnumber of Shares	1,227,570,239		1,250,127,754	

A. SORIANO CORPORATION

7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Ext.
1209 Makati City, Philippines

2020

ANNUAL REPORT

A. SORIANO CORPORATION

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Officers & Corporate Directory	INSIDE BACK COVER

CONCURRENT RESOLUTION OF THE BOARD OF DIRECTORS

The Board of Directors of A. Soriano Corporation by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board and President of the Corporation as its own Report to the Stockholders for the year ended December 31, 2020.

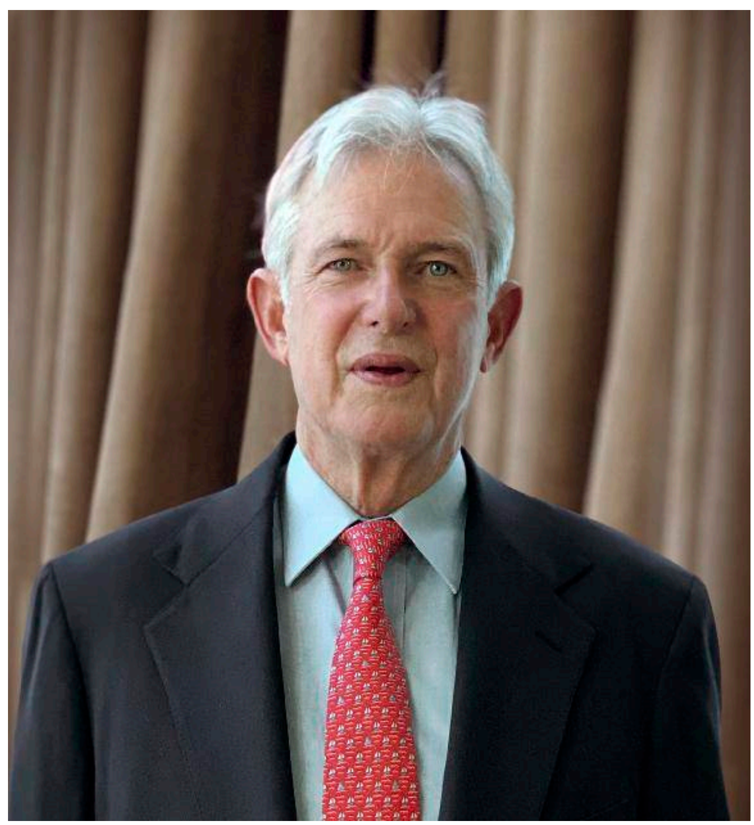
Chairman's Message

I would like to begin by thanking all of our stakeholders and everyone who is part of the Anscor family for their dedication, faith and perseverance during this very challenging period. Anscor would not have been able to weather the pandemic as well as it has without your collective efforts. I know our Board of Directors and shareholders all join me in thanking and congratulating each one of you.

Anscor would not have been able to weather the pandemic as well as it has without your collective efforts.

THE 2020 PHILIPPINE ECONOMIC PICTURE

The Taal Volcano eruption and the COVID-19 pandemic resulted in the Gross Domestic Product contracting by 9.5% in 2020. Virtually all sectors of the economy registered negative growth rates as a consequence of lockdown measures imposed by the Government to contain the spread of the pandemic. The decline in consumer spending was ameliorated somewhat by the increase in e-commerce and food delivery services. Inward remittances from overseas Filipino workers also decreased, adding further to the economic hardship felt by the country.



ANDRES SORIANO III
Chairman

THE COMPANY'S FINANCIAL PERFORMANCE IN 2020

For 2020, Anscor reported a net income of ₱165.6 million, as compared to a net income of ₱1.8 billion in 2019.

With the contraction of the Philippine economy, the Philippine Stock Exchange (PSE) Index fell by 8.6% and our domestic investment portfolio generated a loss of ₱784.0 million. The loss, however, was offset by a gain of ₱637.5 million from our investment in Y-mAbs Therapeutics, Inc., a clinical-stage biotechnology company, listed on the NASDAQ in the United States, and by gains in the value of our investments in foreign and local bonds. As a consequence of this diversification, our overall financial portfolio ended 2020 with a modest loss.

The growth potential of our investments in local and foreign private equities remains robust and we are hopeful that the PSE will continue to recover, as mobility restrictions ease.

Despite the challenges brought about by the pandemic, Phelps Dodge Philippines Energy Products Corporation (PDP) generated a very creditable net profit and Amanpulo broke even. Unfortunately, these positive results were offset by another year of deep losses at AGP International Holdings PTE Ltd. (AG&P). Given AG&P's history of disappointing financial performance, we decided to write down the carrying cost of our 21.4% investment in AG&P to zero, so as not to impact Anscor's future financial results. Notwithstanding this setback, Anscor's balance sheet remains strong.

Given the strong financial position and ample liquidity, your Board of Directors declared a cash dividend of ₱0.75 per share in March 2020, from results achieved in 2019.

For 2020, Anscor's book value per share decreased from ₱15.95 to ₱15.23.

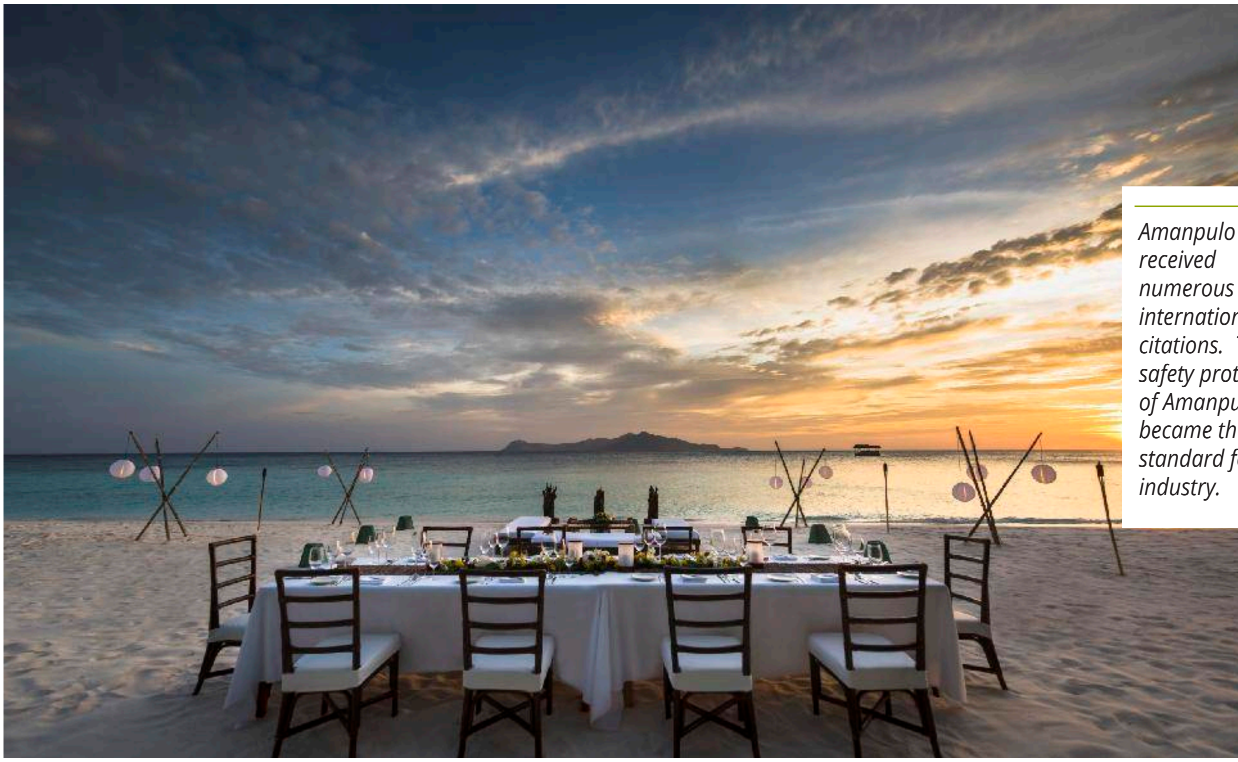
PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. (PDP)

PDP's strength of character, culture and most of all, its dedicated employees enabled the company to weather two months of closure and still produce very solid results. Its strong balance sheet enabled the company to extend credit terms to its distributors and provide assistance during these trying times.

As the pandemic took hold, PDP focused on assisting its employees by providing subsidies, loans and the advance payment of the 13th month pay, particularly during the two-month shutdown.

Most importantly, health protocols were immediately established and enforced to ensure the safety and well-being of the company's workforce. For the full-time employees, work-from-home rules were implemented quickly, including providing the necessary equipment and Wi-Fi connections. A shuttle service, meant to minimize exposure of employee-commuters to the virus, was provided for those who needed to be physically present at PDP's offices and factory.

PDP registered total revenue of ₱6.5 billion and net income of ₱692.0 million.



Amanpulo received numerous international citations. The safety protocols of Amanpulo became the "gold" standard for the industry.

PDP employees were exemplary in protecting the company's assets and in assisting their customers with conference calls and sharing best practices. As soon as the quarantine was lifted in Tarlac, PDP promptly resumed normal operations, achieved production targets, made deliveries, and arranged flexible payments for customers affected by the stoppage of their projects.

The company was able to assist its stakeholders by donating building wires and food packages to the local government of Tarlac. PDP also helped the Small Island Program of the Andres Soriano Foundation and donated food packages and hygiene kits to flood victims in Northern and Southern Luzon.

For 2020, PDP registered total revenue of ₱6.5 billion and a net income of ₱692.0 million. Volumes sold fell by 20% vis-a-vis 2019 and net income declined 14%. A favorable exchange rate, strong copper prices and prudent cost management helped maintain healthy margins.

The company paid Anscor a management fee of ₱87.4 million and a cash dividend of ₱250.0 million in 2020.

Despite higher inventories due to delayed deliveries and a growth in receivables, the company's cash flow was positive. The increase in working capital was offset by the postponement of several large capital expenditure items that had originally been budgeted for the year.

SEVEN SEAS RESORTS AND LEISURE, INC. (owner of Amanpulo)

Immediately after the Resort was mandated to close its operations in March 2020, Management implemented a strict protocol for its staff on Pamalican Island and developed a robust set of programs to ensure the safety of guests, in anticipation of the eventual reopening.

The Resort closed for almost four months and after presenting the Department of Tourism with a comprehensive safety plan for guests and employees, the Resort was allowed to reopen at 50% capacity in June 2020. The protocols developed by Amanpulo have become the "gold" standard for the industry. In November, the Resort was allowed to increase its capacity to 75%, and to 100% in December.

Through aggressive marketing initiatives targeted at the domestic market, Amanpulo saw steady gains in occupancy and finished the year at 36.9% with total revenue of ₱646.3 million. Although lower than last year's occupancy rate of 54.2% and revenue of ₱1.1 billion, Amanpulo maintained a positive EBITDA of 18.1% or ₱124.8 million.

Amanpulo also received numerous international citations. The Resort is among the "Top 10 Best Hotels and Resorts in the Philippines" in the DestinAsian Readers Choice Awards. Destination Deluxe handpicked Amanpulo as a finalist for "Private Island of the Year," while the Gallivanter's Guide UK named Amanpulo as "Best Ever Resort Hotel Worldwide."

Amanpulo has earned top spots as the "World's Leading Dive Resort," "Asia's Leading Private Island Resort," the "Philippines' Leading Luxury Hotel Villa" and the "Philippines' Leading Private Island Resort" in the World Travel Awards 2020. The Amanpulo Spa was named as the "Philippines' Best Resort Spa" for 2020 by the World's Spa Awards.

In December, Amanpulo's filtration and bottling plant began producing its own branded drinking water. Succeeding phases aim to meet all of the island's drinking water needs and eliminate the use of water in plastic bottles to reduce Amanpulo's carbon footprint.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

During the most difficult economic environment in recent history, ATRAM solidified its position as the leading independent asset management firm in the Philippines.

ATRAM's assets under management (AUM) stood at ₱131.2 billion at the end of 2020, 5% lower than the prior year's AUM of ₱138.7 billion. The decrease in AUM was attributed to the negative market revaluation of the local equity market, which was partially offset by positive net fund inflows of ₱4.0 billion.

ATRAM's digital transformation initiatives over the past years enabled the firm to adapt quickly to the new virtual environment. With a successful work-from-home implementation, ATRAM was able to operate at full capacity throughout the year and service its clients with relative ease throughout the lockdowns.

The company stepped up its digital marketing initiatives across its social media platforms including organizing over a hundred ATRAM investment webinars that reached thousands of participants. ATRAM's expeditious response to the changing business landscape helped the company retain and attract new clients.

Efforts to innovate and differentiate its products and services continued amidst the crisis. ATRAM's global feeder fund range and fixed income funds performed well and gave clients the opportunity to invest in sectors such as Technology and Healthcare that were growing, in spite of the pandemic. ATRAM's new discretionary-managed portfolio offering for wealth clients also gained traction.

Seedbox, ATRAM's digital wealth technology platform for retail clients, expanded its user base to over one million users. ATRAM and Seedbox jointly collaborated with the Bangko Sentral ng Pilipinas (BSP) to digitally relaunch the Personal Equity Retirement Account (PERA) program, the voluntary pension pillar for Filipinos, that aims to reach five million investors over five years.

As a testament to ATRAM's consistent excellent performance, the Group received a number of awards and recognitions. Asian Investor awarded ATRAM as the "Best Local Fund House in the Philippines" for 2020, its third award of this kind in the last six years. The Asset, another regional publication, recognized ATRAM as the "Top Investment House in the Philippines" for the Local Bond category while the Chartered Financial Analyst Society Philippines cited ATRAM's Total Return Bond Fund as the "Best Managed Bond Fund" of 2020.

With renewed focus and optimism, ATRAM aims to accelerate growth built on new sources of revenues, digitally enabled channels, and a relentless focus on delivering quality products.

KSA REALTY CORPORATION (owner of The Enterprise Center)

The leasing industry was one of the industries most affected by the COVID-19 pandemic as government-mandated lockdowns affected many tenants of The Enterprise Center (TEC). Many of TEC tenants were not able to operate at optimal rates and sustained operating losses, and, as a result, requested rental concessions, some of which were granted, after careful review.

Average occupancy during the year was 95%, marginally lower than last year's 98%.

While the occupancy rate dropped, TEC managed to offset this with a 5% increase in average effective rent from ₱1,434 per sq.m. in 2019 to ₱1,502 per sq.m. in 2020. This resulted in a slight increase in operating income in 2020 and net income reached ₱1.1 billion.

TEC declared ₱850.0 million in dividends in 2020 of which ₱121.4 million was Anscor's share.

AGP INTERNATIONAL HOLDINGS PTE LTD. (AG&P)

AG&P had another challenging year in 2020.

Its construction and engineering operations were forced to curtail activity due to the Philippine government-mandated quarantine. Lockdowns in India halted the development of its liquefied natural gas (LNG) terminal and its distribution operations. It was also hampered by a lack of liquidity, as efforts to raise new equity fell behind schedule. Its difficulties notwithstanding, AG&P has broken ground on its first LNG terminal in India and has begun rolling out compressed natural gas stations across India, where it has exclusive concessions to distribute natural gas to over 66 million people.

The Company registered a net loss of US$103.2 million against revenues of US$96.8 million, the third year in a row of losses. Anscor remains very concerned with the slow development of its LNG operations and its weak financial performance.

Average occupancy of the Enterprise Center was 95%, net income reached ₱1.1 billion.

STARTUP AND PRIVATE EQUITY VENTURES

A portion of the Company's assets are dedicated to early stage and private equity opportunities.

Anscor began investing in Y-mAbs Therapeutics, Inc. in 2015 and it was listed on the NASDAQ (Ticker: YMAB) in September 2018. Y-mAbs is a clinical-stage biopharmaceutical company focused on the development and commercialization of novel, antibody-based therapeutic products to treat cancer.

Y-mAbs has a broad and advanced product pipeline, including two pivotal-stage product candidates, naxitamab and omburtamab. Naxitamab received its first approval from the US Food and Drug Administration in November 2020.

The Company invested US$5.0 million in Macquarie ASEAN Technology Investments Holdings II LP, a special-purpose vehicle invested exclusively in shares of Grab Holdings, Inc. Grab is the leading on-demand transportation and food delivery provider in Southeast Asia with leading market share in seven countries, including the Philippines.

Anscor has committed US$10.0 million in Navegar II LP, a Philippine-focused private equity fund, which began deploying funds in early 2020. Investments are focused on the e-commerce and business process outsourcing (BPO) sectors.

Naxitamab under brand name DANYELZA received its approval from USFDA in November 2020.

The Company has also made a total investment in Sierra Madre Philippines I LP, a Philippine-based private equity fund, of US$3.3 million out of a US$9.0 million commitment. The Fund has invested in the logistics, semiconductor services, education and BPO sectors.

Other early stage investments include, Madaket, Inc., an innovative US software service platform that automates healthcare provider data management processes, and Medifi, a Philippine-based online healthcare platform that connects doctors and patients.

CORPORATE SOCIAL RESPONSIBILITY

During the pandemic, the Andres Soriano Foundation (ASF) immediately responded to the needs of its field personnel and staff and the small island communities it is committed to help, without losing sight of its mission as a social development organization. Over ₱4.0 million in cash and in-kind donations were received and distributed to those in need in April, May and June 2020.

SMALL ISLAND SUSTAINABLE PROGRAM

Health

Much of the Foundation's community initiatives were stopped temporarily due to strict implementation of standard health protocols. Immediate relief for urgent needs were provided: medical supplies, hygiene kits, personal protective equipment and Vitamin C to stem the spread of the virus especially for those at the frontline of health service delivery.

Families of the displaced sectors of tricycle drivers and contractual workers of construction projects, resorts, and popular food stalls called carinderias, were provided with relief packs. Overall, ASF was able to reach 4,273 families or 21,365 individuals, 602 frontline health workers, 50 cancer patients, five public hospitals, three rural health units, 11 barangay health centers and 15 public elementary schools.

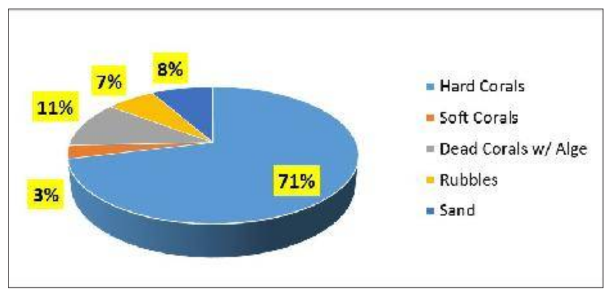
The Marine Protected Area of Manamoc Island spans 108 hectares. Manamoc Bantay Dagat volunteers regularly patrol the area to mitigate illegal fishing activities.

The nutrition program's "First 1,000 Days of a Child" project continued in the second half of the year. Twenty pregnant women were recipients of a month's package of health services inclusive of prenatal consultations, Vitamin A, vaccines for tetanus and sexually transmitted diseases, and iron and iodine with the distribution of milk and iodized salt.

Education
ASF collaborated with the Department of Education, Manamoc National High School and the Technical Education and Skills Development Authority (TESDA) on the 33-day seminar on training methodologies for two senior high school (SHS) technical-vocational (Tech-Voc) teachers. This supports the school's efforts for TESDA accreditation of its SHS Tech-Voc Laboratory Facility to become an assessment center in Palawan for SHS graduates of tourism-related courses.

Three academic college scholars continued their studies through a virtual learning environment with ASF providing the needed equipment.

All ten Tech-Voc scholars completed a two-year course on electromechanics at the Dual Tech School. The scholars are now employed, with seven hired as regular employees by the companies where they had their on-the-job training.



The 2020 Results of Coral Reef Check Monitoring in Manamoc Island Fish Sanctuary shows material increase and healthy live corals.

Livelihood
The slump in the tourism industry affected the livelihood of local farmers in the islands. Sales gradually picked up at the start of the fourth quarter. Products sold included pork, chicken, eggs and vegetables. Aggregate sales were ₱3.1 million during the period.

Pandan and buri weaving sustained its operation. ASF set up a temporary livelihood fund to pay for the finished products that provided income for the weavers.

Environment
Protection and conservation efforts in partnership with barangays and municipal governments improved live coral cover and increased the presence of a variety of fish.

A good fishing year helped supply the needed food and income especially for workers who were displaced during the lockdown.

Coastal clean-up was continued at various project sites and 12,578 mangrove seedlings were planted before and after the lockdown.

ASF supported the efforts of communities in reducing plastic wastes in the islands through recycling and repurposing. A first step in the latter process is shredding plastic wastes and mixing them with concrete for house flooring and road construction. ASF will soon help communities turn plastic wastes into secondary products for household and community use.

CANCER CARE PROGRAM

ASF received continuing support from seven pharmaceutical companies as a fund conduit for its medical oncology fellowship program for seven medical doctors in the Cancer Institute at UP-PGH.

The Cancer Institute received medical supplies, hygiene kits and personal protective equipment worth ₱650,000 from ASF and its partners. In addition, four units of new desktops and five units of laptop computers were donated to support the shift from face-to-face medical consultations to online/tele-consultations.

In partnership with the Asian Oncology Society and Philippine Cancer Society, ASF sponsored the 2020 Andres Soriano Memorial Cancer Lecture. Held virtually, conference speaker was Dr. Heinz Josef Lenz who spoke on "Biomarker-Driven and Molecular-Targeted Therapies for Colorectal Cancer." Asian medical practitioners mostly specializing in oncology attended the lecture.

DISASTER RELIEF ASSISTANCE

In the aftermath of the devastating Taal Volcano eruption, ASF in partnership with the Archdiocese of Lipa and the Municipalities of Malvar and Talisay distributed relief packs and hygiene kits to over a thousand families in Batangas.

It also donated cash and goods for the typhoon victims of three successive typhoons that inundated North Luzon, Bicol and Metro Manila in October and November.

OUTLOOK

We expect economic activity to recover with the decline of new daily recorded COVID-19 cases that will reduce the prospects of future lockdowns, and with the advent of vaccinations. The authorities have engaged in multilateral initiatives to secure vaccines, with a rollout expected to start in March 2021.

Liquidity provided by the Central Bank, Government-sponsored stimulus programs, the Build Build Build infrastructure push, and fiscal reforms, such as reduced corporate income taxes and targeted fiscal incentives, will all aid the country's economic recovery and support future growth.

Our key subsidiaries are all positioned to benefit as the Philippines and the regional economies recover. PDP will be a direct beneficiary of improved economic prospects and stronger construction activity. Palawan has been identified as one of the "Top 10 Most Popular Destinations for Post-Lockdown Travel" by a global travel site and Amanpulo is well-positioned to receive affluent domestic and international tourists, once regional travel resumes. Although uncertainties remain around the short-term prospects for office leasing, KSA remains optimistic that its iconic property will continue to outperform the broader office market in 2021.

Anscor's conservative and strong balance sheet helped it to remain resilient throughout the pandemic and leaves it well positioned to take advantage of the anticipated recovery. Protecting stakeholder investments and sustaining stakeholders' trust will remain its guideposts.

ACKNOWLEDGEMENT

To the Philippines' dedicated and selfless medical professionals and critical service workers who care for our communities, we extend our sincerest appreciation and thanks.

Again, to all our employees spread out in our subsidiaries and affiliates – thank you. To our shareholders, your constant support has helped us weather this storm, and to our Directors, thank you for your guidance.

Financial Highlights

(In Million Pesos Except for Ratios and Per Share Data)

CONSOLIDATED FOR THE YEAR	2020	2019	2018
Revenues and net investment gains	**6,883.7**	10,695.4	9,781.0
Sale of goods	**6,448.2**	8,208.4	8,292.5
Services	**767.6**	1,342.4	1,314.7
Gain (loss) on increase (decrease) in market values of fair value through profit or loss investments	**(76.5)**	1,151.8	33.5
Dividend income	**259.1**	373.6	301.8
Interest income	**82.2**	124.5	109.5
Gain (loss) on sale of fair value through other comprehensive income investments	**1.2**	11.9	(2.7)
Equity in net losses and impairment loss on investments in associates	**(598.0)**	(517.1)	(262.2)
Loss on disposal of a subsidiary	**–**	–	(6.1)
NET INCOME*	**165.6**	1,843.6	808.4
EARNINGS PER SHARE**	**0.13**	1.53	0.67

CONSOLIDATED AT YEAR-END	2020	2019	2018
Total Assets	**21,602.3**	23,112.4	22,290.0
Equity Attributable to Equity Holders of the Parent	**18,695.6**	19,943.1	18,575.9
Investment Portfolio	**12,251.4**	14,289.3	13,253.7
Current Ratio	**10.03**	9.82	7.48
Debt to Equity Ratio***	**0.13**	0.13	0.17
Book Value Per Share****	**15.23**	15.95	15.33

* *Attributable to equity holders of the Parent.*
** *Based on weighted average number of shares of 1,242.0 million in 2020, 1,208.0 million in 2019 and 1,215.5 million in 2018.*
*** *Computed using the equity attributable to equity holders of the Parent.*
**** *Based on outstanding shares of 1,227.6 million, 1,250.1 million and 1,211.9 million as of December 31, 2020, 2019 and 2018, respectively.*

Five-year Review

(In Million Pesos Except Per Share Data)

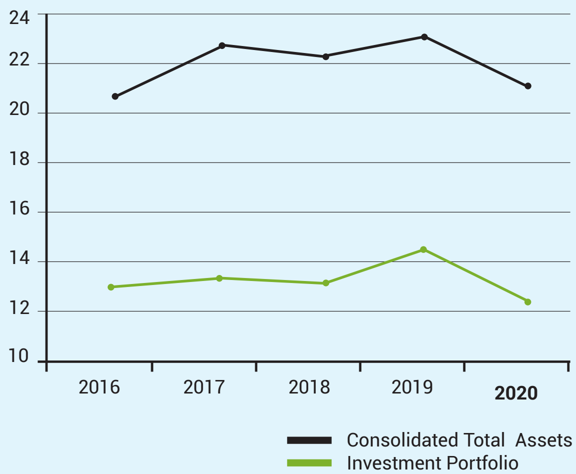
	2020	2019	2018	2017	2016
Net Income Attributable to Equity Holders of the Parent	**165.6**	1,843.6	808.4	2,547.5	2,682.6
Equity Attributable to Equity Holders of the Parent	**18,695.6**	19,943.1	18,575.9	18,332.5	16,189.3
Weighted Average Number of Shares Outstanding	**1,242.0**	1,208.0	1,215.5	1,224.2	1,232.7
Earnings Per Share*	**0.13**	1.53	0.67	2.08	2.18
Book Value Per Share**	**15.23**	15.95	15.33	15.06	13.13

	2020	2019	2018	2017	2016
Revenues and Net Investment Gains	**6,883.7**	10,695.4	9,781.0	10,584.6	9,883.8
Total Assets	**21,602.3**	23,112.4	22,290.0	22,346.2	21,482.1
Investment Portfolio	**12,251.4**	14,289.3	13,253.7	13,339.1	13,144.9

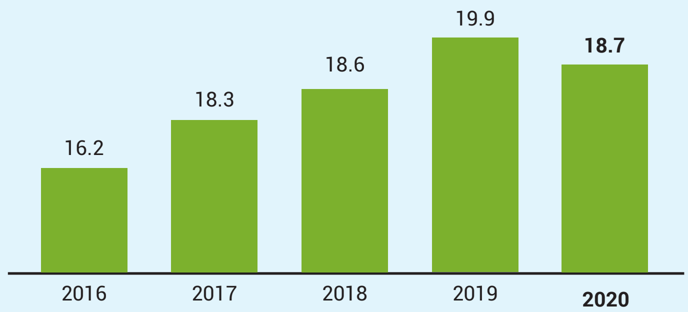
* *Ratio of net income attributable to equity holders of the Parent to weighted average number of shares outstanding during the year.*

** *Ratio of equity attributable to equity holders of the Parent to outstanding number of shares as of end-December.*

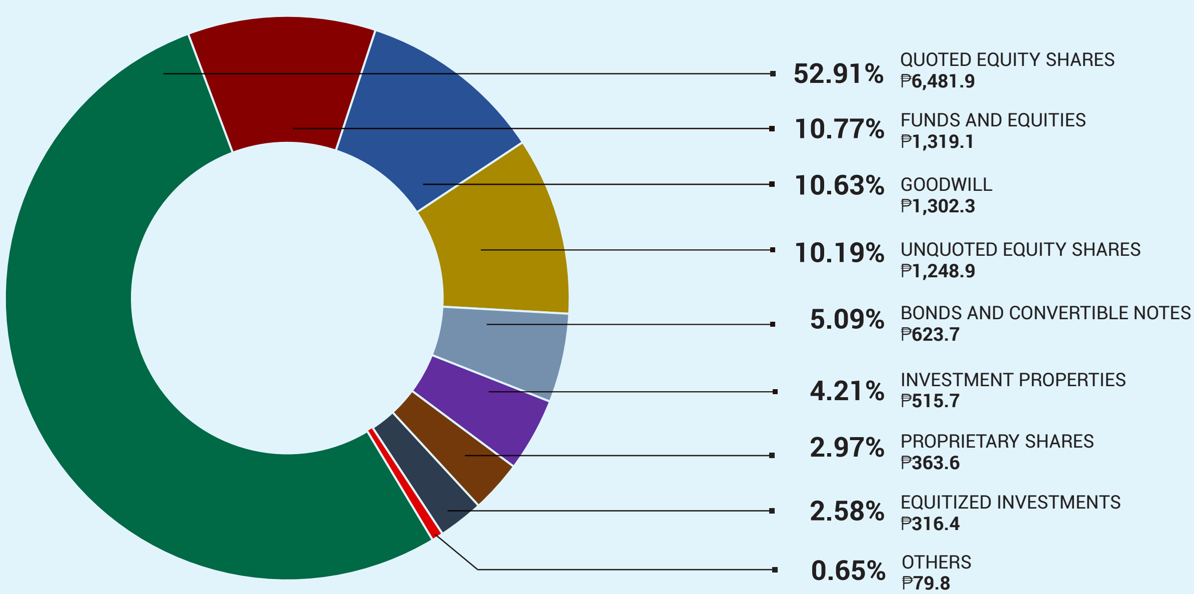
CONSOLIDATED TOTAL ASSETS & INVESTMENT PORTFOLIO
(In Billion Pesos)



EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT
(In Billion Pesos)



CONSOLIDATED INVESTMENT PORTFOLIO DETAILS DECEMBER 31, 2020
(In Million Pesos)



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management of A. Soriano Corporation is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 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 consolidated 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 is responsible for overseeing the Company's financial reporting process.

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated 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.

ANDRES SORIANO III
Chairman, President and
Chief Executive Officer

ERNEST K. CUYEGKENG
Executive Vice President and
Chief Financial Officer

Signed this 18th day of February 2021

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 18th day of February 2021, affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE ISSUED
Andres Soriano III	506368805	Jan. 14, 2015 to Jan 13, 2025/ U.S.
Ernest K. Cuyegkeng	P7236847A	May 19, 2018 to May 18, 2028/DFA NCR South

Doc. No. 12;
Page No. 4;
Book No. XXI;
Series of 2021.

ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment No. M-345; Roll No. 20642
Commission expires on 06-30-21
MCLE Compliance No. VI-0008138
PTR No. 8551475; 1-15-21; Makati City
IBP No. 143946; 02-03-21; Pasig City
TIN No. 100-364-501

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

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

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

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building,
Makati Avenue corner Gil Puyat Avenue Extension,
Makati City

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Recoverability of Goodwill

The goodwill arising from the acquisitions of Phelps Dodge International Philippines, Inc. and Seven Seas Resorts and Leisure, Inc. amounted to ₱1,302.3 million as at December 31, 2020 and is considered significant to the consolidated financial statements. Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. We considered the recoverability of goodwill as a key audit matter due to the materiality of the amount involved and the sensitivity of the estimated recoverable amount to management's assumptions and judgments. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions, such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units (CGUs). These assumptions are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted further by the coronavirus pandemic.

The Group's disclosures on goodwill are included in Note 7 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the valuation methodology and assumptions used by management in estimating value-in-use. These assumptions include revenue growth rates, discount rates and long-term growth rates. We compared the growth rates used against the historical performance of the CGUs, taking into consideration the impact associated with the coronavirus pandemic. In testing the discount rates, our internal specialist performed independent testing on the determination of discount rates using market-based parameters. In addition, we reviewed the disclosures in the consolidated financial statements related to the key assumptions used and the sensitivity of the estimates to these key assumptions particularly those to which the impairment test is most sensitive.

Recoverability of Investment in an Associate

The Group has an investment in an associate that is accounted for using the equity method. For the year ended December 31, 2020, the Group's share in the net loss of the associate amounted to ₱601.0 million. In addition, in 2020, the Group identified indicators of possible impairment of its investment in an associate and, as required in PFRSs, assessed the recoverability of its investment based on management's estimated expected cash flows from the operations of the associate, judgment over the appropriate valuation model, and valuation assumptions such as discount rate and long-term growth rate. This matter is significant to our audit because of the materiality of the recognized share in net loss of the associate and the significant management judgment and assumptions used in determining the recoverable amount, which are subject to higher level of estimation uncertainty due to the current economic conditions as further impacted by the coronavirus pandemic.

The Group's disclosures on investment in an associate are included in Note 14 to the consolidated financial statements.

Audit Response

We obtained from management an understanding of the current business operations of the associate and whether such is considered in the Group's assumptions. Furthermore, we involved our internal specialist in evaluating the model used by the Group in estimating the equity value of the investment and the assumptions in estimating the associate's cash flows from operations. These assumptions include discount rate and long-term growth rate. In testing the discount rate, our internal specialist performed an independent testing of the determination of discount rate using market-based parameters. We also reviewed and tested the sensitivity of the present value of discounted cash flows to changes in key assumptions particularly those to which the recoverable amount is most sensitive. We also obtained the financial information of the associate and recomputed the Group's share in net losses for the year ended December 31, 2020.

Valuation of Unquoted Equity Instruments

In accordance with PFRS 9, *Financial Instruments*, the Group classified its unquoted equity investments, with carrying value of ₱1,248.9 million as at December 31, 2020, as financial assets through profit or loss. We considered the valuation of these unquoted equity investments as a key audit matter because of the materiality of the amount involved, the significant judgment applied in selecting the valuation techniques and inputs that are not market observable, and the other significant assumptions used in estimating future cash flows from these unquoted equity investments.

The Group's disclosures about its equity investments are included in Note 10 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the valuation techniques and inputs and the other assumptions used. These assumptions include discount rates, revenue growth rates and comparable companies. In testing the discount rates, our internal specialist performed independent testing on the determination of discount rates using market-based parameters. For investment valued using the income approach, we compared the revenue growth rates to the historical performance of the investment and the industry/market outlook. For investments valued under the market approach, we reviewed the comparable companies used in the valuation and confirmed factors such as additional funding of the investee that would warrant the change in market value of the investments. For private equity fund investments valued under the cost approach (adjusted net asset value method), we reviewed the financial information of the investees and checked if the financial information used reflects the fair values of the investee's assets and liabilities. In addition, we reviewed the disclosures in the consolidated financial statements related to the significant unobservable inputs to the fair value measurement.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dhonabee B. Señeres.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-098-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534366, January 4, 2021, Makati City

February 18, 2021

Consolidated Balance Sheets

		December 31		
		2020		2019
ASSETS				
Current Assets				
Cash and cash equivalents (Note 9)	₱	**3,091,959,345**	₱	2,308,878,255
Fair value through profit or loss (FVPL) investments (Notes 10 and 20)		**10,022,872,169**		11,130,248,073
Receivables (Note 11)		**1,935,992,841**		2,122,602,618
Inventories (Note 12)		**1,052,585,937**		904,427,520
Fair value through other comprehensive income (FVOCI) investments - current (Note 13)		**–**		94,535,324
Prepayments		**36,741,212**		34,866,126
Other current assets		**17,109,933**		27,070,500
Total Current Assets		**16,157,261,437**		16,622,628,416
Noncurrent Assets				
FVOCI investments - net of current portion (Note 13)		**94,137,422**		235,949,189
Notes receivables (Note 28)		**307,499,741**		349,499,741
Investments and advances (Note 14)		**318,329,315**		1,078,655,003
Goodwill (Note 7)		**1,302,276,264**		1,302,276,264
Property and equipment (Notes 15 and 20)		**2,480,841,422**		2,562,463,613
Investment properties (Note 16)		**515,702,509**		530,382,258
Retirement plan asset - net (Note 25)		**91,612,330**		84,470,839
Deferred income tax assets - net (Note 26)		**123,997,500**		87,156,013
Right-of-use assets (Note 31)		**20,721,708**		35,292,325
Other noncurrent assets (Notes 17 and 31)		**189,905,685**		223,646,431
Total Noncurrent Assets		**5,445,023,896**		6,489,791,676
TOTAL ASSETS	₱	**21,602,285,333**	₱	23,112,420,092
LIABILITIES AND EQUITY				
Current Liabilities				
Notes payable (Note 18)	₱	**23,166,200**	₱	–
Accounts payable and accrued expenses (Notes 19 and 33)		**857,820,767**		931,320,157
Current portion of lease liabilities (Note 31)		**4,922,514**		9,907,864
Dividends payable (Note 21)		**366,069,163**		283,974,578
Income tax payable		**206,866,422**		192,064,701
Current portion of long-term debt (Note 20)		**151,428,571**		276,164,746
Total Current Liabilities		**1,610,273,637**		1,693,432,046

(Forward)

Consolidated Balance Sheets

		December 31		
		2020		2019
Noncurrent Liabilities				
Long-term debt - net of current portion (Note 20)	₱	**75,714,286**	₱	227,142,857
Lease liabilities - net of current portion (Note 31)		**19,208,263**		27,466,781
Deferred income tax liabilities - net (Note 26)		**468,391,756**		479,312,696
Retirement benefits payable - net (Note 25)		**56,895,050**		32,252,060
Other noncurrent liabilities (Notes 17 and 31)		**111,411,807**		147,956,007
Total Noncurrent Liabilities		**731,621,162**		914,130,401
Total Liabilities		**2,341,894,799**		2,607,562,447
Equity Attributable to Equity Holders of the Parent (Note 21)				
Capital stock - ₱1 par value		**2,500,000,000**		2,500,000,000
Additional paid-in capital		**1,859,383,287**		1,859,383,287
Cumulative translation adjustment		**99,260,524**		273,248,081
Unrealized valuation gains on FVOCI investments (Note 13)		**2,521,749**		8,739,689
Remeasurement on retirement benefits (Note 25)		**23,720,413**		33,267,478
Retained earnings (Note 21):				
Appropriated		**7,150,000,000**		7,150,000,000
Unappropriated		**9,715,904,450**		10,487,853,458
Cost of shares held by a subsidiary (1,272,429,761 shares and 1,249,872,246 shares in 2020 and 2019, respectively) (Note 21)		**(2,655,215,372)**		(2,369,372,182)
		18,695,575,051		19,943,119,811
Noncontrolling Interests (Note 3)		**564,815,483**		561,737,834
Total Equity		**19,260,390,534**		20,504,857,645
TOTAL LIABILITIES AND EQUITY	₱	**21,602,285,333**	₱	23,112,420,092

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2020	2019	2018
REVENUES			
Sale of goods - net (Note 5)	₱ 6,448,195,660	₱ 8,208,374,800	₱ 8,292,508,630
Services (Notes 5 and 31)	767,569,969	1,342,389,775	1,314,704,847
Dividend income (Note 10)	259,109,001	373,587,490	301,777,821
Interest income (Notes 9, 10, 11, 13 and 24)	82,203,823	124,478,035	109,516,147
	7,557,078,453	10,048,830,100	10,018,507,445
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments (Notes 10 and 30)	(76,521,488)	1,151,784,252	33,493,049
Gain (loss) on sale of FVOCI investments (Note 13)	1,150,196	11,859,942	(2,700,602)
Loss on disposal of a subsidiary (Note 8)	–	–	(6,111,015)
	(75,371,292)	1,163,644,194	24,681,432
EQUITY IN NET LOSSES AND IMPAIRMENT LOSS ON INVESTMENTS IN ASSOCIATES (Note 14)	(598,006,474)	(517,090,062)	(262,184,140)
TOTAL	6,883,700,687	10,695,384,232	9,781,004,737
Cost of goods sold (Note 22)	(5,023,688,235)	(6,590,288,987)	(7,010,549,289)
Cost of services rendered (Note 22)	(268,702,449)	(447,058,842)	(437,508,189)
Operating expenses (Note 22)	(1,051,650,414)	(1,217,805,627)	(1,194,383,616)
Interest expense (Notes 18, 20, 24 and 31)	(24,411,138)	(48,364,623)	(72,908,371)
Foreign exchange gain (loss) - net	(106,404,104)	(92,967,921)	106,678,302
Other income - net (Notes 24 and 31)	51,200,190	68,852,086	79,708,375
INCOME BEFORE INCOME TAX	460,044,537	2,367,750,318	1,252,041,949
PROVISION FOR INCOME TAX (Note 26)	291,319,541	429,373,654	347,218,566
NET INCOME	168,724,996	1,938,376,664	904,823,383
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gains (losses) on FVOCI investments (Note 13)	(7,732,576)	35,957,388	(34,538,189)
Income tax effect	2,319,773	(10,787,216)	10,361,457
	(5,412,803)	25,170,172	(24,176,732)

(Forward)

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2020	2019	2018
Realized losses (gains) on FVOCI investments recognized in the consolidated profit or loss (Note 13)	(₱ 1,150,196)	(₱ 11,859,942)	₱ 2,700,602
Income tax effect	345,059	3,557,983	(810,181)
	(805,137)	(8,301,959)	1,890,421
	(6,217,940)	16,868,213	(22,286,311)
Cumulative translation adjustment	(173,987,557)	(112,264,694)	89,930,454
	(180,205,497)	(95,396,481)	67,644,143
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurement loss on retirement benefits (Note 25)	(13,097,687)	(9,304,530)	(24,574,106)
Income tax effect	3,550,622	2,718,980	6,432,512
	(9,547,065)	(6,585,550)	(18,141,594)
OTHER COMPREHENSIVE INCOME (LOSS)	(189,752,562)	(101,982,031)	49,502,549
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱ 21,027,566)	₱ 1,836,394,633	₱ 954,325,932
Net Income Attributable to:			
Equity holders of the Parent	₱ 165,646,806	₱ 1,843,615,322	₱ 808,386,813
Noncontrolling interests	3,078,190	94,761,342	96,436,570
	₱ 168,724,996	₱ 1,938,376,664	₱ 904,823,383
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	(₱ 24,105,756)	₱ 1,741,633,291	₱ 857,889,362
Noncontrolling interests	3,078,190	94,761,342	96,436,570
	(₱ 21,027,566)	₱ 1,836,394,633	₱ 954,325,932
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 27)	₱ 0.13	₱ 1.53	₱ 0.67
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent (Note 27)	(₱ 0.02)	₱ 1.44	₱ 0.71

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holders of the Parent (Note 21)					
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interests (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on FVOCI Investments (Note 13)	Remeasurement on Retirement Benefits (Note 25)
BALANCES AT DECEMBER 31, 2017	₱ 2,500,000,000	₱ 1,605,613,566	(₱ 26,356,543)	₱ 295,582,321	₱ 14,157,787	₱ 57,994,622
Net income	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	89,930,454	(22,286,311)	(18,141,594)
Total comprehensive income (loss) for the year	–	–	–	89,930,454	(22,286,311)	(18,141,594)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱641.4 million (Note 21)	–	–	–	–	–	–
Shares repurchased during the year (Note 21)	–	–	–	–	–	–
Disposal of subsidiary (Note 8)	–	–	26,356,543	–	–	–
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2018	2,500,000,000	1,605,613,566	–	385,512,775	(8,128,524)	39,853,028
Net income	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	(112,264,694)	16,868,213	(6,585,550)
Total comprehensive income (loss) for the year	–	–	–	(112,264,694)	16,868,213	(6,585,550)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱634.6 million (Note 21)	–	–	–	–	–	–
Shares repurchased during the year (Note 21)	–	–	–	–	–	–
Sale of Company shares held by a subsidiary (Note 21)	–	253,769,721	–	–	–	–
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2019	2,500,000,000	1,859,383,287	–	273,248,081	8,739,689	33,267,478
Net income	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	(173,987,557)	(6,217,940)	(9,547,065)
Total comprehensive income (loss) for the year	–	–	–	(173,987,557)	(6,217,940)	(9,547,065)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 21)	–	–	–	–	–	–
Shares repurchased during the year (Note 21)	–	–	–	–	–	–
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2020	**₱ 2,500,000,000**	**₱ 1,859,383,287**	**₱ –**	**₱ 99,260,524**	**₱ 2,521,749**	**₱ 23,720,413**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holders of the Parent (Note 21)						
		Retained Earnings					
	Subtotal*	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2017	₱ 4,446,991,753	₱ 7,150,000,000	₱ 9,059,813,726	(₱ 2,324,314,735)	₱ 18,332,490,744	₱ 458,644,651	₱ 18,791,135,395
Net income	–	–	808,386,813	–	808,386,813	96,436,570	904,823,383
Other comprehensive income (loss)	49,502,549	–	–	–	49,502,549	–	49,502,549
Total comprehensive income (loss) for the year	49,502,549	–	808,386,813	–	857,889,362	96,436,572	954,325,932
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱641.4 million (Note 21)	–	–	(608,586,627)	–	(608,586,627)	–	(608,586,627)
Shares repurchased during the year (Note 21)	–	–	–	(32,241,091)	(32,241,091)	–	(32,241,091)
Disposal of subsidiary (Note 8)	26,356,543	–	–	–	26,356,543	–	26,356,543
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	(31,555,106)	(31,555,106)
BALANCES AT DECEMBER 31, 2018	4,522,850,845	7,150,000,000	9,259,613,912	(2,356,555,826)	18,575,908,931	523,526,115	19,099,435,046
Net income	–	–	1,843,615,322	–	1,843,615,322	94,761,342	1,938,376,664
Other comprehensive income (loss)	(101,982,031)	–	–	–	(101,982,031)	–	(101,982,031)
Total comprehensive income (loss) for the year	(101,982,031)	–	1,843,615,322	–	1,741,633,291	94,761,342	1,836,394,633
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱634.6 million (Note 21)	–	–	(615,375,776)	–	(615,375,776)	–	(615,375,776)
Shares repurchased during the year (Note 21)	–	–	–	(118,975,079)	(118,975,079)	–	(118,975,079)
Sale of Company shares held by a subsidiary (Note 21)	253,769,721	–	–	106,158,723	359,928,444	–	359,928,444
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	(56,549,623)	(56,549,623)
BALANCES AT DECEMBER 31, 2019	4,674,638,535	7,150,000,000	10,487,853,458	(2,369,372,182)	19,943,119,811	561,737,834	20,504,857,645
Net income	–	–	165,646,806	–	165,646,806	3,078,190	168,724,996
Other comprehensive income (loss)	(189,752,562)	–	–	–	(189,752,562)	–	(189,752,562)
Total comprehensive income (loss) for the year	(189,752,562)	–	165,646,806	–	(24,105,756)	3,078,190	(21,027,566)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 21)	–	–	(937,595,814)	–	(937,595,814)	–	(937,595,814)
Shares repurchased during the year (Note 21)	–	–	–	(285,843,190)	(285,843,190	–	(285,843,190)
Movement in noncontrolling interests (Note 3)	–	–	–	–	–	(541)	(541)
BALANCES AT DECEMBER 31, 2020	**₱ 4,484,885,973**	**₱ 7,150,000,000**	**₱ 9,715,904,450**	**(₱ 2,655,215,372)**	**₱ 18,695,575,051**	**₱ 564,815,483**	**₱ 19,260,390,534**

See accompanying Notes to Consolidated Financial Statements.

* *Subtotal for the numbers of the six columns appearing on page 22.*

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱ **460,044,537**	₱ 2,367,750,318	₱ 1,252,041,949
Equity in net losses and impairment loss on investments in associates (Note 14)	**598,006,474**	517,090,062	262,184,140
Depreciation and amortization (Notes 15, 16, 22 and 31)	**292,174,080**	272,179,839	252,820,204
Dividend income (Note 10)	**(259,109,001)**	(373,587,490)	(301,777,821)
Interest income (Notes 9, 10, 11, 13 and 24)	**(82,203,823)**	(124,478,035)	(109,516,147)
Loss (gain) on decrease (increase) in market values of FVPL investments (Note 10)	**76,521,488**	(1,151,784,252)	(33,493,049)
Impairment losses, net of recoveries (Notes 11 and 24)	**64,920,658**	41,752,086	9,397,390
Unrealized foreign exchange losses - net	**60,354,216**	48,116,020	116,697,688
Interest expense (Notes 18, 20, 24 and 31)	**24,411,138**	48,364,623	72,908,371
Retirement benefit costs (Notes 22, 23 and 25)	**18,123,185**	13,203,358	37,124,451
Gain on rent concession (Notes 24 and 31)	**(3,917,535)**	–	–
Loss (gain) on sale/disposal of:			
FVOCI investments (Note 13)	**(1,150,196)**	(11,859,942)	2,700,602
Subsidiary (Note 8)	**–**	–	6,111,015
Operating income before working capital changes	**1,248,175,221**	1,646,746,587	1,567,198,793
Decrease (increase) in:			
FVPL investments	**896,473,599**	(532,026,162)	106,988,583
Receivables	**133,664,944**	97,878,040	(488,596,128)
Inventories	**(148,158,417)**	126,033,309	(209,639,027)
Prepayments and other current assets	**8,085,481**	(17,781,010)	23,158,663
Increase (decrease) in:			
Accounts payable and accrued expenses	**(110,491,802)**	128,423,365	(101,992,716)
Deferred revenues	**–**	–	(9,469,328)
Cash generated from operations	**2,027,749,026**	1,449,274,129	887,648,840
Income taxes paid	**(324,280,247)**	(320,136,171)	(279,043,797)
Dividends received	**237,686,696**	373,587,490	301,777,821
Interest received	**77,902,962**	133,653,424	98,460,395
Interest paid	**(21,699,183)**	(45,077,734)	(72,666,167)
Retirement benefit contribution (Note 25)	**(13,719,373)**	(22,193,191)	(22,191,914)
Net cash flows from operating activities	**1,983,639,881**	1,569,107,947	913,985,178

(Forward)

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
FVOCI investments (Note 13)	₱ 284,642,953	₱ 446,651,642	₱ 102,546,014
Property and equipment (Note 15)	–	2,005,966	10,758,435
Long-term investment	–	–	9,200,000
Additions to:			
FVOCI investments (Note 13)	(60,860,417)	(215,974,577)	(229,382,738)
Property and equipment (Note 15)	(186,285,160)	(258,131,927)	(156,220,277)
Investment properties (Note 16)	–	(293,595,000)	(1,583,339)
Collection from (advances to) affiliates (Notes 14 and 28)	91,061,736	(431,448,061)	3,470,251
Decrease (increase) in other noncurrent assets	40,824,382	(4,502,626)	(44,680,957)
Acquisition of associates (Note 14)	–	–	(102,945,888)
Net cash flows from (used in) investing activities	169,383,494	(754,994,583)	(408,838,499)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of notes payable (Notes 18 and 32)	28,166,200	–	450,000,000
Sale of Company shares held by a subsidiary (Note 21)	–	359,928,444	–
Availment of long-term debt (Note 32)	–	5,124,000	–
Payments of (Note 32):			
Long-term debt (Note 20)	(275,719,246)	(635,732,071)	(640,036,621)
Dividends (Note 21)	(813,500,482)	(617,229,791)	(575,312,404)
Notes payable (Note 18)	(5,000,000)	(250,000,000)	(200,000,000)
Lease liabilities (Note 31)	(12,038,287)	(12,309,568)	–
Company shares purchased by a subsidiary (Note 21)	(285,843,190)	(118,975,079)	(32,241,091)
Net cash flows used in financing activities	(1,363,935,005)	(1,269,194,065)	(997,590,116)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	789,088,370	(455,080,701)	(492,443,437)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(6,007,280)	(1,556,110)	2,423,835
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,308,878,255	2,765,515,066	3,255,534,668
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 9)	₱ 3,091,959,345	₱ 2,308,878,255	₱ 2,765,515,066

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Corporate Information

A. Soriano Corporation (Anscor or the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses.

The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded.

The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were authorized for issue by the Board of Directors (BOD) on February 18, 2021.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for debt and equity securities that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group .

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

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

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

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

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

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

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

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

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

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

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

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

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

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

  The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted.

<u>Standards Issued but not yet Effective</u>

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

Effective beginning on or after January 1, 2021

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

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

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

  The Group shall also disclose information about:

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

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

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  o Amendments to PFRS 9, *Financial Instruments, Fees in the "10 percent" Test for Derecognition of Financial Liabilities*

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  o Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Effective beginning on or after January 1, 2023

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

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Basis of Consolidation and Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly owned, majority and minority-owned subsidiaries as at December 31:

		Percentage of Ownership		
	Nature of Business	**2020**	**2019**	**2018**
A. Soriano Air Corporation (ASAC, Note 31)	Services/Rental	**100**	100	100
Pamalican Island Holdings, Inc. (PIHI)	Investment Holding	**62**	62	62
Island Aviation, Inc. (IAI, Note 31)	Air Transport	**62**	62	62
Anscor Consolidated Corporation (Anscorcon)	Investment Holding	**100**	100	100
Anscor Holdings, Inc. (AHI, Note 31)	Real Estate Holding	**100**	100	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100	100
Lakeroad Corporation	Real Estate Holding	**100**	100	100
Mainroad Corporation	Real Estate Holding	**100**	100	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100	100

(Forward)

	Nature of Business	Percentage of Ownership 2020	2019	2018
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100	100
Mountainridge Corporation	Real Estate Holding	**100**	100	100
Rollingview Corporation	Real Estate Holding	**100**	100	100
Timbercrest Corporation	Real Estate Holding	**100**	100	100
Phelps Dodge International Philippines, Inc. (PDIPI, Notes 7 and 31)	Investment Holding	**100**	100	100
Minuet Realty Corporation (Minuet, Note 7)	Landholding	**100**	100	100
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 7 and 31)	Wire Manufacturing	**100**	100	100
PD Energy International Corporation (PDEIC, Note 7)	Wire Manufacturing	**100**	100	100
Sutton Place Holdings, Inc. (Sutton, Note 31)	Investment Holding	**100**	100	100
Cirrus Global, Inc. (CGI, Notes 8 and 31)	Manpower Services	**–**	–	93
Anscor International, Inc. (AI, Note 14)	Investment Holding	**100**	100	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100	100
IQ Healthcare Professional Connection, LLC (IQHPC, Note 31)	Manpower Services	**93**	93	93
AFC Agribusiness Corporation (AAC, Note 16)	Real Estate Holding	**81**	81	81
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 7 and 31)	Villa Project Development	**62**	62	62
Pamalican Resort, Inc. (PRI, Notes 7 and 31)	Resort Operations	**62**	62	62
Summerside Corp. (Summerside)*	Investment Holding	**40**	40	40

**As at December 31, 2020, 2019 and 2018, the Group has 100% beneficial ownership over Summerside.*

Except for AI and its subsidiaries, all the companies above are based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Material Partly-Owned Subsidiaries (SSRLI and PRI)

Set out below are the summarized financial information of entities that have noncontrolling interest (NCI) that is material to the Group. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Significant details of the balance sheets and statements of comprehensive income of SSRLI and PRI are presented below as at and for the years ended December 31 (in millions):

	2020	2019
Balance Sheets:		
Current assets	₱ **798.2**	₱ 925.2
Noncurrent assets	**984.9**	942.8
Current liabilities	**430.5**	502.2
Noncurrent liabilities	**120.9**	135.9
Equity	**1,231.6**	1,229.9
Equity attributable to NCI	**464.3**	463.7

(In Millions)	2020	2019
Statements of Comprehensive Income:		
Revenue	₱ 656.4	₱ 1,151.0
Income before tax	14.3	290.8
Net income	0.6	236.1
Other comprehensive income (loss)	(0.9)	1.1
Total comprehensive income (loss)	(0.3)	237.2
Total comprehensive income (loss) allocated to NCI during the year	(0.1)	89.4

	2020	2019
Statements of Cash Flows:		
Cash flows from operations	₱ 13.0	₱ 449.6
Cash flows used in investing activities	(181.2)	(123.6)
Cash flows from (used in) financing activities	76.4	(169.1)

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining the significant influence are similar to those necessary to determine control over subsidiaries. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The loss is recognized under "Equity in net losses and impairment loss on investments in associates" in the consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit or loss, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

If the Group's interest in an associate is reduced (e.g., through actual sale or deemed disposal), but the investment continues to be classified as an associate, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in the OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

The following are the Group's associates as at December 31:

		Percentage of Ownership		
	Nature of Business	**2020**	**2019**	**2018**
Vicinetum Holdings, Inc. (VHI)	Investment Holding	**32**	32	32
Prople Limited (Note 14)	Business Process Outsourcing	**32**	32	32
Fremont Holdings, Inc. (FHI, Note 14)	Real Estate Holding	**26**	26	26
AGP International Holdings Pte Ltd. (AGP-SG, Note 14)	Investment Holding	**21**	21	–
AGP Group Holdings Pte Ltd. (AGP-BVI, formerly AGP International Holdings Ltd. [AGPI], Note 14)	Investment Holding	**–**	–	27
BehaviorMatrix, LLC (BM, Note 14)	Behavior Analytics Services	**21**	21	21
ATRAM Investment Management Partners Corp. (AIMP, Note 14)	Asset Management	**20**	20	20

The principal business location of AIMP, VHI and FHI is in the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in BVI, Singapore, USA and Hong Kong, respectively.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with changes in fair value recognized in the consolidated profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in the consolidated profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as noncontrolling interests.

Disposal Group and Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated profit or loss.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is 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 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVPL equity instruments are recognized in the consolidated profit or loss.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at the end of reporting period and their statements of profit or loss are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated profit or loss.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Fair Value Measurement

The Group measures financial assets, such as fair value through profit or loss (FVPL) investments and fair value through other comprehensive income (FVOCI) investments, at fair value at each balance sheet date. Also, fair values of investment properties are disclosed.

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 economic best 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVPL financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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.

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.

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified at initial recognition as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Classification of financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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 fair value through OCI 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 FVOCI 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 FVPL

As at December 31, 2020 and 2019, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets at FVPL

This category includes financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also 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 FVPL, 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 FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Financial assets at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in "Gain on increase in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at December 31, 2020 and 2019, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives amounting to ₱10,022.9 million and ₱11,130.2 million, respectively (see Note 10). No financial liability at FVPL is outstanding as at December 31, 2020 and 2019.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as "Provision for impairment losses" account under "Other income - net" in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, cash equivalents, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

As at December 31, 2020 and 2019, the Group's FVOCI investments include investments in bonds (see Note 13).

(d) Financial liabilities - loans and borrowings

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

As at December 31, 2020 and 2019, included in this category are the Group's notes payable, accounts payable and accrued expenses, lease liabilities, long-term debt and dividends payable.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit loss (ECL) for all debt instruments not held at FVPL. 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.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at 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 to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 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 of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:

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

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in the consolidated profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated profit or loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Exchange or modification of financial liabilities

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in the consolidated profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in the consolidated profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

"Day 1" Difference

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents

Cash includes cash on hand and with 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 and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV).

Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale.

For cable and wire manufacturing, finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined using weighted average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

These are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Value Added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. In case of capital goods, input VAT is spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of 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, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written off either when disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	30
Leasehold improvements*	5 - 20
Flight, ground, machinery and other equipment	2 - 25
Furniture, fixtures and office equipment	2 - 5
Transportation equipment	3 - 5

**or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Depreciation commences when an asset is in its operational location or working condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Construction in progress (CIP) is stated at cost net of accumulated impairment losses, if any. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes villa development costs and related expenses incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties comprise completed property and property under construction or re-development (land, buildings and condominiums) that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated profit or loss in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment, investment properties and investments in associates) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. 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, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated profit or loss.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as at the end of each financial reporting period.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets include restricted cash funds for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Deposits to suppliers in relation to major aircraft maintenance and acquisition of specific property and equipment are also classified as part of other noncurrent assets.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects of retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore, is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and stated at acquisition cost. No gain or loss is recognized in the consolidated profit or loss on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The following specific recognition criteria must be met before revenue is recognized:

Sale of goods
Revenue from the sale of goods is recognized at a point in time when the control over the goods are transferred to the buyer which is generally upon delivery of the goods.

Sale of services
Revenue from rooms is recognized over time based on the actual occupancy of the guests. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Revenue from air transport services is recognized at a point in time when the related services has been substantially performed.

Project management fees and other income
Revenue from project management fees and other income is recognized over time when the control of the services is transferred to the customer, generally on delivery of the services.

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

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

Other Revenue
Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in the consolidated profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of services rendered
Cost and expenses related to room services and other ancillary services are charged to operations when incurred.

Operating expenses
Operating expenses include selling, and general and administrative expenses that are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in the consolidated profit or loss for the year in accordance with PFRSs. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category	**Number of Years**
Building	5 years
Leasehold improvement	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the Group calculates depreciation using the estimated useful life of the asset.

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and low-value assets

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

Leases Prior to Adoption of PFRS 16 (Effective Before January 1, 2019)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

The Group as a lessee

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated profit or loss on a straight-line basis over the lease term.

The Group as a lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits

The Group has non-contributory defined benefit retirement plans.

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

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

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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 any provision is presented in the consolidated profit or loss, net of any reimbursement. 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 assessments 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 an interest expense.

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

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if:

(a) a legally enforceable right exists to set off current income tax assets against current income tax liabilities; and
(b) deferred income taxes are levied by the same taxation authority on either: the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income and the total comprehensive income attributable to the equity holders of the Parent for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as at December 31, 2020, 2019 and 2018.

Dividends

Dividends are recognized as a liability and deducted from equity when approved by the respective BOD of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of the reporting period.

Events After the Reporting Period

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6.

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on 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 definition of a financial asset, a financial liability or an equity instrument.

The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets (see Note 30).

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at December 31, 2020 and 2019, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Assessment of control over the entities for consolidation
The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

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

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Allowance for expected credit losses as at December 31, 2020 and 2019 amounted to ₱753.2 million and ₱678.9 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱2,245.4 million and ₱2,554.9 million as at December 31, 2020 and 2019, respectively (see Notes 11, 14 and 28).

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted equity instruments at fair value, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group (see Note 30).

Unquoted equity investments amounted to ₱1,248.9 million and ₱1,137.1 million as at December 31, 2020 and 2019, respectively (see Note 10).

Impairment of FVOCI debt investments
For FVOCI debt investments, 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 instrument has increased significantly since initial recognition. No impairment loss was recognized in 2020, 2019 and 2018. The carrying value of FVOCI debt investments amounted to ₱94.1 million and ₱330.5 million as at December 31, 2020 and 2019, respectively (see Note 13).

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase the recorded expenses and decrease current assets.

Allowance for inventory losses and obsolescence amounted to ₱84.8 million and ₱83.3 million as at December 31, 2020 and 2019, respectively. The carrying amount of the inventories amounted to ₱1,052.6 million and ₱904.4 million as at December 31, 2020 and 2019, respectively (see Note 12).

Estimation of useful lives of the Group's property and equipment and investment properties
The Group estimates the useful lives of property and equipment and investment properties based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As at December 31, 2020 and 2019, the carrying value of depreciable property and equipment and investment properties amounted to ₱2,629.3 million and ₱2,725.6 million, respectively (see Notes 15 and 16).

Recoverability of investment in associates
The carrying value of investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next five years, as well as the terminal value at the end of fifth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

The carrying amounts of the investments in associates amounted to ₱316.4 million and ₱995.9 million as at December 31, 2020 and 2019, respectively (see Note 14).

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset 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.

As at December 31, 2020 and 2019, the carrying value of property and equipment and investment properties amounted to ₱2,996.5 million and ₱3,092.8 million, respectively (see Notes 15 and 16).

There is no impairment loss on property and equipment and investment properties for each of the three years in the period ended December 31, 2020 (see Notes 15 and 16).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

As at December 31, 2020 and 2019, the carrying value of goodwill amounted to ₱1,302.3 million (see Note 7).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. As at December 31, 2020 and 2019, the Group recognized gross deferred income tax assets amounting to ₱136.3 million and ₱89.1 million, respectively. The Group has also temporary differences for which the deferred income tax assets are not recognized. Further details of the recognized and unrecognized deferred income tax assets are provided in Note 26.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net retirement plan asset as at December 31, 2020 and 2019 amounted to ₱91.6 million and ₱84.5 million, respectively. Net retirement benefits payable as at December 31, 2020 and 2019 amounted to ₱56.9 million and ₱32.3 million, respectively. Further details are provided in Note 25.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 25.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in Notes 3 and 33, respectively.

5. Revenue from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the Year Ended December 31, 2020			
	Cable and Wire Manufacturing	Resorts Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱ 6,448,195,660	₱ –	₱ –	₱ 6,448,195,660
Services	–	646,324,208	121,245,761	767,569,969
Total revenue from contracts with customers	₱ 6,448,195,660	₱ 646,324,208	₱ 121,245,761	₱ 7,215,765,629
Timing of revenue recognition:				
At a point in time	₱ 6,448,195,660	₱ 379,854,673	₱ 121,245,761	₱ 6,949,296,094
Over time	–	266,469,535	–	266,469,535
Total revenue from contracts with customers	₱ 6,448,195,660	₱ 646,324,208	₱ 121,245,761	₱ 7,215,765,629

**Other Operations include ASAC and AHI.*

	For the Year Ended December 31, 2019			
	Cable and Wire Manufacturing	Resorts Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱ 8,208,374,800	₱ –	₱ –	₱ 8,208,374,800
Services	–	1,140,941,687	201,448,088	1,342,389,775
Total revenue from contracts with customers	₱ 8,208,374,800	₱ 1,140,941,687	₱ 201,448,088	₱ 9,550,764,575
Timing of revenue recognition:				
At a point in time	₱ 8,208,374,800	₱ 430,653,807	₱ 201,448,088	₱ 8,840,476,695
Over time	–	710,287,880	–	710,287,880
Total revenue from contracts with customers	₱ 8,208,374,800	₱ 1,140,941,687	₱ 201,448,088	₱ 9,550,764,575

**Other Operations include ASAC and AHI.*

	For the Year Ended December 31, 2018			
	Cable and Wire Manufacturing	Resorts Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱ 8,292,508,630	₱ –	₱ –	₱ 8,292,508,630
Services	–	1,100,825,407	213,879,440	1,314,704,847
Total revenue from contracts with customers	₱ 8,292,508,630	₱ 1,100,825,407	₱ 213,879,440	₱ 9,607,213,477
Timing of revenue recognition:				
At a point in time	₱ 8,292,508,630	₱ 392,685,676	₱ 213,879,440	₱ 8,899,073,746
Over time	–	708,139,731	–	708,139,731
Total revenue from contracts with customers	₱ 8,292,508,630	₱ 1,100,825,407	₱ 213,879,440	₱ 9,607,213,477

**Other Operations include ASAC, AHI. Financial performance of CGI is included up to the date of disposal.*

Contract liabilities

Contract liabilities amounted to ₱54.3 million and ₱52.7 million as at December 31, 2020 and 2019, respectively. These pertain to customer advances received for customer orders (see Note 19). In 2020, 2019 and 2018, the Group recognized revenue from sales of goods and services from the contract liabilities amounting to ₱52.7 million, ₱41.1 million and ₱53.2 million, respectively.

Information about the Group's performance obligations are summarized below:

Sale of goods

The Group enters into contracts to sell with one identified performance obligation, which is satisfied upon delivery of the goods. Receivables are generally collected within 30 to 60 days from the delivery of goods and receipt of invoice.

Villa development project

The performance obligation is satisfied at a point in time and payment is generally received in advance during the construction of the villa clusters.

Resort operations

This pertains to the services provided to the guests which is satisfied over time. Some payments are received in advance from the guests.

6. Segment Information

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered, as discussed below.

- Holding company segment pertains to the operations of the Company.

- Resort Operations segment pertains to the Company's subsidiary providing hotel and resort accommodation, relaxation and entertainment, among others, while Villa Development includes the sale of villa lots, construction of structures and set up of furniture, fixture and equipment. In 2020, 2019 and 2018, the Group has no sale of villa lots and construction of structures.

- Cable and Wire Manufacturing segment pertains to the Company's subsidiaries engaged in manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale, goods such as building wires, power cables, aluminum wires and cables, copper rods, automotive wires and other energy-related goods of electrical nature, including all equipment, materials, supplies used or employed in or related to the manufacture of its finished products.

- Other operations include air transportation, hangarage, real estate holding and management, and recruitment services. On September 28, 2018, the Group sold its interest in Cirrus Global, Inc. which served as the recruitment services segment of the Group (see Note 8).

  Amounts for the investments in associates comprise the Group's equity in net losses and impairment loss.

Majority of the companies within the Group were incorporated and operating within the Philippines. The amounts disclosed were determined consistent with the measurement basis under PFRSs.

The following tables present the financial information of the business segments as at and for the years ended December 31, 2020, 2019 and 2018 (in thousands):

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2020							
Revenues, excluding interest income[2]	₱ 1,533,497	₱ 646,324	₱ 6,448,196	₱ 1,095,519	₱ 9,723,536	(₱ 2,248,661)	₱ 7,474,875
Interest income	66,254	4,938	10,918	94	82,204	–	82,204
Investment gains (losses)	(730,936)	–	(2,800)	746,378	12,642	(88,013)	(75,371)
Interest expense	2,536	245	16,898	4,977	24,656	(245)	24,411
Income tax expense (benefit from income tax)	(1,694)	13,698	284,623	2,688	299,315	(7,995)	291,320
Equity in net losses and impairment loss	–	–	–	(598,006)	(598,006)	–	(598,006)
Net income	569,610	626	692,026	1,138,401	2,400,663	(2,231,938)	168,725
Total assets	17,394,215	1,783,053	4,866,355	13,323,536	37,367,159	(15,764,874)	21,602,285
Investments and advances	7,623,492	–	–	2,044,491	9,667,983	(9,349,654)	318,329
Property and equipment	7,128	752,878	595,628	97,151	1,452,785	1,028,056	2,480,841
Total liabilities	565,491	551,421	833,657	3,078,431	5,029,000	(2,687,105)	2,341,895
Depreciation and amortization	17,892	108,128	96,110	46,184	268,314	23,860	292,174
Cash flows from (used in):							
Operating activities	1,323,066	13,038	693,227	281,550	2,310,881	(327,241)	1,983,640
Investing activities	(116,222)	(181,208)	(62,843)	615,788	255,515	(86,132)	169,383
Financing activities	(927,351)	76,367	(406,193)	(887,940)	(2,145,117)	781,182	(1,363,935)

[1] Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net losses of associates and impairment loss.
[2] Majority of the revenues of the Group were derived in the Philippines.

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2019							
Revenues, excluding interest income[2]	₱ 1,657,436	₱ 1,140,942	₱ 8,208,375	₱ 885,568	₱ 11,892,321	(₱ 1,967,969)	₱ 9,924,352
Interest income	111,880	6,856	5,146	596	124,478	–	124,478
Investment gains	856,917	–	890	198,394	1,056,201	107,443	1,163,644
Interest expense	19,100	472	24,994	4,227	48,793	(428)	48,365
Income tax expense	32,285	54,717	341,630	8,737	437,369	(7,995)	429,374
Equity in net losses and impairment loss	–	–	–	(517,090)	(517,090)	–	(517,090)
Net income	2,333,251	236,089	803,960	67,103	3,440,403	(1,502,026)	1,938,377
Total assets	18,716,377	1,867,987	4,571,515	12,428,872	37,584,751	(14,472,331)	23,112,420
Investments and advances	7,284,288	–	–	2,150,520	9,434,808	(8,356,153)	1,078,655
Property and equipment	9,445	761,537	621,795	114,979	1,507,756	1,054,708	2,562,464
Total liabilities	583,560	638,053	967,613	2,812,006	5,001,232	(2,393,670)	2,607,562
Depreciation and amortization	9,194	104,414	85,213	49,224	248,045	24,135	272,180
Cash flows from (used in):							
Operating activities	542,888	449,613	1,133,537	(4,458)	2,121,580	(552,472)	1,569,108
Investing activities	(402,346)	(123,552)	(76,684)	820,614	218,032	(973,027)	(754,995)
Financing activities	(1,082,701)	(169,058)	(660,013)	(833,307)	(2,745,079)	1,475,885	(1,269,194)

[1] Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net losses of associates and impairment loss.
[2] Majority of the revenues of the Group were derived in the Philippines.

	Before Eliminations						
	Holding Company (Parent)	Resort Operation and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2018							
Revenues, excluding interest income[2]	₱ 1,334,003	₱ 1,100,825	₱ 8,292,509	₱ 1,165,109	₱ 11,892,446	(₱ 1,983,455)	₱ 9,908,991
Interest income	103,635	3,475	1,242	1,164	109,516	–	109,516
Investment gains (losses)	475,201	–	408	(217,002)	258,607	(233,926)	24,681
Interest expense	39,744	–	29,938	3,226	72,908	–	72,908
Income tax expense	50,976	48,287	246,503	9,080	354,846	(7,627)	347,219
Equity in net losses and impairment loss	–	–	–	(262,184)	(262,184)	–	(262,184)
Net income	773,025	235,253	636,442	533,770	2,178,490	(1,273,667)	904,823
Total assets	18,057,699	1,706,722	4,320,601	12,581,118	36,666,140	(14,376,129)	22,290,011
Investments and advances	7,190,993	69,195	–	2,483,424	9,743,612	(8,161,768)	1,581,844
Property and equipment	15,984	778,153	616,372	68,962	1,479,471	1,081,359	2,560,830
Total liabilities	1,030,541	563,953	1,258,638	2,791,694	5,644,826	(2,454,250)	3,190,576
Depreciation and amortization	9,319	101,274	74,118	43,972	228,683	24,137	252,820
Cash flows from (used in):							
Operating activities	638,385	389,597	332,922	50,258	1,411,162	(497,177)	913,985
Investing activities	(127,360)	(66,806)	(61,244)	645,555	390,145	(798,983)	(408,838)
Financing activities	(1,054,270)	(94,746)	(151,429)	(624,515)	(1,924,960)	927,370	(997,590)

[1] Other Operations include ASAC, AAC, Anscorcon, AI, AHI, CGI, IAI and the Group's equity in net losses of associates and impairment loss. Financial performance of CGI is included up to the date of disposal.
[2] Majority of the revenues of the Group were derived in the Philippines.

7. Business Combinations

a. Goodwill represents the excess of acquisition cost of the following subsidiaries over Anscor's share in the fair value of their net assets. As at December 31, 2020 and 2019, the carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) is as follows:

PDP	₱ 1,202,945,277
SSRLI	99,330,987
	₱ 1,302,276,264

b. Impairment Testing of Goodwill

i. PDP Group
The recoverable amount of the investments in PDP Group has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period.

The key assumptions used to determine the recoverable amount as at December 31, 2020 and 2019 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rates applied to cash flow projections in 2020 and 2019 are 16.7% and 12.2%, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a long-term growth rate of 4.7% and 3.8% in 2020 and 2019, respectively, and the difference between the discount rate and growth rate.

Growth rate
PDP Group assumed a growth rate of 5.0% in 2020 and -3.0% to 6.0% in 2019. Management used the average industry growth rate for the forecast.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

ii. SSRLI
The recoverable amount of the investments in SSRLI has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used to determine the recoverable amount as at December 31, 2020 and 2019 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections in 2020 and 2019 are 12.8% and 13.3%, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a long-term growth rate of 4.9% and 2.0% in 2020 and 2019, respectively, and the difference between the discount rate and growth rate.

Growth rate
Growth rate assumptions for the five-year cash flow projections in 2020 and 2019 are supported by the different initiatives of SSRLI. SSRLI used 10.5% to 47.7% and 5.0% to 9.3% growth rate in revenue for its cash flow projection in 2020 and 2019, respectively.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

8. Deconsolidated Subsidiary

On September 28, 2018, the Group, through its wholly-owned subsidiary, Sutton, entered into a Share Purchase Agreement with third party individuals, effectively selling the Group's entire shareholdings in CGI equivalent to 93.17% of the latter's total outstanding shares. As a result, the Group consolidated CGI's 2018 statement of comprehensive income up to the date of sale.

Total loss on disposal of CGI recognized in the 2018 consolidated statement of comprehensive income amounted to ₱6.1 million.

9. Cash and Cash Equivalents

	2020	2019
Cash on hand and in banks	₱ 2,000,092,020	₱ 1,516,027,511
Cash equivalents	1,091,867,325	792,850,744
	₱ 3,091,959,345	₱ 2,308,878,255

Cash with banks earn interest at the respective bank deposit rates ranging from 0.05%% to 3.50%, 0.20% to 0.75% and 0.25% to 1.60% in 2020, 2019 and 2018, respectively. Cash equivalents with interest rates ranging from 0.19% to 5.75%, 0.88% to 4.00% and 0.36% to 6.50% in 2020, 2019 and 2018, respectively, are made for varying periods of up to three months depending on the immediate cash requirements of the Group (see Note 24).

10. FVPL Investments

	2020	2019
Quoted equity shares	₱ 6,481,857,144	₱ 7,616,776,828
Funds and equities	1,319,051,909	1,131,737,165
Unquoted equity shares	1,248,944,824	1,137,142,219
Bonds	529,582,177	793,929,295
Proprietary shares	363,627,073	367,437,073
Others	79,809,042	83,225,493
	₱ 10,022,872,169	₱ 11,130,248,073

This account consists of investments that are designated as FVPL and held-for-trading investments. Quoted equity shares consist of marketable equity securities that are listed and traded in the Philippine Stock Exchange (PSE) and Nasdaq Stock Market (NASDAQ). The fair market values of these listed shares are based on their quoted market prices as at December 31, 2020 and 2019, which are assessed to be the exit prices.

Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g., call and put options) that significantly modify the security's cash flow. These investments are classified under bonds.

FVPL investments in bonds represent foreign currency-denominated bond securities with variable and fixed interest rates. The FVPL coupon interest rate per annum ranges from 2.43% to 8.25%, 3.95% to 9.00% and 3.50% to 9.00% in 2020, 2019 and 2018, respectively.

As at December 31, 2020 and 2019, the Group has equity investments amounting to ₱9,493.3 million and ₱10,336.3 million, respectively.

As at December 31, 2019, the Company has FVPL investments amounting to ₱1,524.0 million that are pledged as collateral for its long-term debt. The long-term debt was fully paid in 2020, hence, the pledged shares were released in 2020.

The Group's FVPL unquoted equity shares and significant investment in funds and equities include the following:

a. KSA Realty Corporation (KSA)

On June 15, 2016, the Company acquired additional shares in KSA amounting to ₱236.5 million. This increased the Company's stake in KSA from 11.30% in 2015 to 14.28% in 2016.

In 2019 and 2018, the Company recognized ₱80.1 million and ₱188.7 million gain on fair value adjustment in its investment in KSA which is presented in the consolidated profit or loss.

As at December 31, 2020 and 2019, the Company's investment in KSA amounted to ₱1,021.7 million (see Note 30).

The Company earned cash dividends from KSA amounting to ₱121.4 million, ₱189.9 million and ₱151.4 million in 2020, 2019 and 2018, respectively.

b. Macquarie ASEAN Technology Investments Holdings II LP (Macquarie)

On July 13, 2018, the Company invested US$5.0 million (₱267.7 million) in Macquarie, a special purpose vehicle that invested exclusively in shares of Grab Holdings, Inc. (Grab). Grab is a Singapore-based technology company that offers ride-hailing transport services, food delivery and payment solutions through GrabTaxi, GrabFood and GrabPay.

As at December 31, 2020 and 2019, the carrying value of the investment in Macquarie, inclusive of foreign exchange adjustment, amounted to ₱240.1 million and ₱253.2 million, respectively. Investment in Macquarie is included under “Funds and equities” account.

c. Madaket, Inc. (Madaket)

In May 2017, AI invested US$1.0 million (₱49.7 million) in equity shares at Madaket, the owner of Madaket Healthcare. Madaket developed Electronic Data Interchange Enrollment, a service platform that automates healthcare provider data management processes in the United States.

AI recognized losses in fair value adjustment in its investment in Madaket amounting to ₱16.4 million and ₱13.3 million in 2020 and 2019, respectively. Gain on fair value adjustment recognized in 2018 amounted to ₱21.0 million.

As at December 31, 2020 and 2019, the Group’s total investment in Madaket, inclusive of foreign exchange adjustment, amounted to nil and ₱16.7 million, respectively.

d. Element Data, Inc. (Element Data)

In June 2017, AI invested US$1.0 million (₱49.5 million) in Series Seed preferred shares of Element Data, a Seattle, Washington-based Artificial Intelligence Company. Its Decision Intelligence platform incorporates a deep learning knowledge-graph with an active sense-and-response architecture, powering a decision intelligence engine that understands complex interdependencies between data and people.

In October 2017, Element Data acquired all of the intellectual property of the Group’s investment in BM, an associate of the Group.

In December 2017, AI invested additional US$1.0 million (₱50.6 million) in Series Seed preferred shares of Element Data.

In 2019, AI invested additional US$0.5 million (₱26.4 million) in Element Data.

In 2019 and 2018, AI recognized losses on fair value adjustment amounting to ₱26.7 million and ₱12.0 million, respectively, in its investment in Element Data.

Total investment carrying value in Element Data amounted to nil as at December 31, 2020 and 2019.

e. Navegar I LP (Navegar I)

In March 2013, AI invested US$0.6 million (₱26.4 million) in Navegar I, a limited partnership established to acquire substantial minority position through privately negotiated investments in equity and equity-related securities of Philippine companies that are seeking growth capital and/or expansion capital.

In July 2017, AI invested additional US$0.07 million (₱3.6 million).

In October 2018, the partial disposal of Navegar I's investments resulted to the return of capital and gain amounting to US$0.3 million (₱13.4 million) and US$0.8 million (₱43.5 million), respectively.

In 2020, 2019 and 2018, AI recognized losses on fair market value adjustment in its investment in Navegar I amounting to ₱2.4 million, ₱2.2 million and ₱20.2 million, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to ₱21.5 million and ₱24.7 million as at December 31, 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the Group's remaining capital commitment to be called for Navegar I amounted to US$0.06 million and US$0.07 million, respectively .

f. Navegar II LP (Navegar II)

In 2019, AI committed to invest US$10.0 million in Navegar II. AI invested US$1.0 million (₱46.5 million) and US$0.2 million (₱10.1 million) in 2020 and 2019, respectively.

In 2020, AI recognized gains on fair market value adjustment in its investment in Navegar II amounting to ₱14.2 million.

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to ₱71.3 million and ₱11.7 million as at December 31, 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the Group's remaining capital commitment to be called for Navegar II amounted to US$8.8 million and US$9.0 million, respectively.

g. Sierra Madre Philippines I LP (Sierra Madre)

In 2017, AI entered into an equity investment agreement with Sierra Madre, a newly formed private equity fund staffed by experienced local operators and private equity professionals. The fund will focus on providing growth capital to small and mid-sized Philippine companies.

In 2020, 2019 and 2018, AI made additional investments to Sierra Madre amounting to US$1.1 million (₱52.8 million), US$0.9 million (₱48.0 million) and US$1.0 million (₱50.4 million), respectively. The Group's total commitment to Sierra Madre amounted to US$9.0 million, of which US$5.7 million remain uncalled as at December 31, 2020.

In 2020, AI recognized gains on fair value adjustment amounting to ₱23.2 million. In 2019 and 2018, AI recognized losses on fair value adjustment amounting to ₱31.1 million and ₱3.3 million, respectively.

As at December 31, 2020 and 2019, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to ₱134.4 million and ₱62.3 million, respectively.

Net gains (losses) on increase (decrease) in market value of FVPL investments as at December 31 are as follows (in millions):

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2020	2019	in 2020
Quoted equity shares	₱ 2,613.9	₱ 3,084.1	(₱ 470.2)
Unquoted equity shares	491.2	456.6	34.6
Proprietary shares	321.7	325.5	(3.8)
Bonds	(17.8)	(17.3)	(0.5)
Funds and equities	44.9	(15.7)	60.6
Others	3.7	(1.4)	5.1
Total	3,457.6	3,831.8	(374.2)
Add realized gain on sale of FVPL investments			297.7
Net loss on decrease in market value of FVPL investments			(₱ 76.5)

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2019	2018	in 2019
Quoted equity shares	₱ 3,084.1	₱ 2,242.3	₱ 841.8
Unquoted equity shares	456.6	487.5	(30.9)
Proprietary shares	325.5	282.4	43.1
Bonds	(17.3)	(54.9)	37.6
Funds and equities	(15.7)	(41.8)	26.1
Others	(1.4)	(7.6)	6.2
Total	3,831.8	2,907.9	923.9
Add realized gain on sale of FVPL investments			227.9
Net gain on increase in market value of FVPL investments			₱ 1,151.8

	Unrealized Valuation Gains (Losses) in Market Value 2018	2017	Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments in 2018
Quoted equity shares	₱ 2,242.3	₱ 2,357.6	(₱ 115.3)
Unquoted equity shares	487.5	280.7	206.8
Proprietary shares	282.4	179.6	102.8
Bonds	(54.9)	(16.9)	(38.0)
Funds and equities	(41.8)	(9.8)	(32.0)
Others	(7.6)	1.5	(9.1)
Total	2,907.9	2,792.7	115.2
Less realized loss on sale of FVPL investments			(81.7)
Net gain on increase in market value of FVPL investments			₱ 33.5

There were no outstanding forward transactions as at December 31, 2020, 2019 and 2018.

11. Receivables

	2020	2019
Trade	₱ 1,834,935,681	₱ 1,782,362,910
Tax credits/refunds	157,463,279	143,954,166
Receivables from villa owners	42,023,200	17,341,766
Interest receivable	26,191,265	24,518,133
Dividends receivable	21,422,305	–
Advances to employees	11,649,349	12,533,168
Note receivable	–	238,905,000
Others	30,723,619	17,071,649
	2,124,408,698	2,236,686,792
Less allowance for expected credit losses	188,415,857	114,084,174
	₱ 1,935,992,841	₱ 2,122,602,618

Trade receivables are noninterest-bearing and are normally settled on a 30 to 60-day term.

Note receivable pertains to a one-year convertible note and security agreement entered on August 1, 2018 with Powersource Group Holdings Corporation (Powersource) to provide a pre-development support and pre-development funding for the projects of Powersource. The Company may exercise its option to convert the note into common shares upon execution of subscription agreement within the agreed time frame or to convert the loan and all outstanding interest on maturity date. The interest on the loan shall be six percent (6%) per annum, which shall accrue beginning from the issuance of the loan and be due and payable every end of the quarter.

On July 31, 2019, the Company amended the convertible loan and security agreement with Powersource by extending the maturity of the loan to February 1, 2020. On February 19, 2020, Powersource paid the outstanding note receivable. Total interest income recognized in the consolidated profit or loss amounted to ₱2.0 million and ₱14.3 million in 2020 and 2019, respectively (see Note 24).

Receivables from villa owners pertain to SSRLI's net rental share and handling fees and reimbursable expenses such as guest supplies and other amenities, operating supplies, utilities, manpower, laundry services and other expenses for villa maintenance.

Interest receivable pertains to accrued interest income from cash and cash equivalents, notes receivable, FVPL and FVOCI investments in debt instruments.

Movements in the allowance for expected credit losses of trade and other receivable accounts are as follows:

2020	Trade	Interest and Others	Total
At January 1	₱ 111,659,921	₱ 2,424,253	₱ 114,084,174
Provision for the year (Note 24)	75,243,352	–	75,243,352
Recoveries (Note 24)	(77,734)	–	(77,734)
Write-off	–	(833,935)	(833,935)
At December 31	₱ 186,825,539	₱ 1,590,318	₱ 188,415,857

2019	Trade	Interest and Others	Total
At January 1	₱ 70,818,417	₱ 2,424,253	₱ 73,242,670
Provision for the year (Note 24)	40,841,504	–	40,841,504
At December 31	₱ 111,659,921	₱ 2,424,253	₱ 114,084,174

12. Inventories

	2020	2019
At cost:		
Materials in transit	₱ 136,335,376	₱ 24,379,166
Raw materials	55,450,436	92,365,315
Aircraft parts in transit	40,089,414	22,402,096
Food and beverage	13,502,886	15,266,566
Reel inventory	8,195,616	7,791,270
	253,573,728	162,204,413
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱23.7 million in 2020 and ₱22.1 million in 2019	445,390,570	376,609,807
Work in process - net of allowance for inventory obsolescence of ₱11.0 million in 2020 and 2019	115,572,063	148,090,979

(Forward)

		2020		2019
Raw materials - net of allowance for inventory obsolescence of ₱2.8 million in 2020 and 2019	₱	**113,082,152**	₱	113,294,068
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱37.2 million in 2020 and ₱37.3 million in 2019		**66,223,633**		61,808,329
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of ₱9.5 million in 2020 and 2019		**58,138,235**		41,814,368
Construction-related materials - net of allowance for inventory obsolescence of ₱0.6 million in 2020 and 2019		**605,556**		605,556
		799,012,209		742,223,107
	₱	**1,052,585,937**	₱	904,427,520

Net provision for inventory obsolescence recognized in 2020 and 2019, which was recorded under "Materials used and changes in inventories ", amounted to ₱1.5 million and ₱1.4 million, respectively. Net reversals for inventory obsolescence recognized in 2018 amounted to ₱2.6 million (see Note 22).

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as at December 31, 2020 and 2019.

Operating supplies pertain to inventory items used in providing services such as printing, cleaning and office and guest supplies.

Construction-related materials are excess materials and supplies from Villa Development Project. These are held for use in other construction of villa or future repair or renovation of villas.

Inventories charged to cost of goods sold and services sold amounted to ₱4,675.9 million, ₱6,207.8 million and ₱6,664.8 million in 2020, 2019 and 2018, respectively (see Note 22).

13. FVOCI Investments

		2020		2019
Current portion	₱	**–**	₱	94,535,324
Noncurrent portion		**94,137,422**		235,949,189
	₱	**94,137,422**	₱	330,484,513

FVOCI investments in bonds represent the following:

a. Foreign currency-denominated bond securities are subject to variable and fixed coupon interest rate per annum ranging from 4.00% to 5.95% in 2020, 4.00% to 7.38% in 2019 and 3.00% to 7.38% in 2018. Maturity dates range from May 3, 2022 to July 31, 2024 for bonds held as at December 31, 2020 and March 17, 2020 to July 31, 2024 for bonds held as at December 31, 2019.

b. Geothermal Project

In January 2014, a loan and investment agreement was entered by the Company with SKI Construction Company, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power) and San Juan Geothermal Power, Inc. and (San Juan Power), collectively referred to as Red Core Group to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Renewable Energy Service Contract (GRESC). Under this agreement, the Company committed to lend up to ₱172.0 million for the exploration phase of the three sites.

The Company may choose to convert each note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company opts not convert the note within the agreed time frame, these notes will accrue interest until they mature 62 months from the initial drawdown date.

In 2017, the Company recognized ₱82.9 million impairment loss, bringing the investment balance to nil as at December 31, 2020 and 2019.

In March 2018, the Company filed before the Regional Trial Court of Makati City a civil case for specific performance in order to compel Red Core Group to comply with the provisions of the loan and investment agreement signed by the parties. On November 23, 2020, the Court partially granted the Motion for Summary Judgment filed by the Company. As at February 18, 2021, the case is still ongoing.

In 2020 and 2019, gain on sale of FVOCI investments amounted to ₱1.2 million and ₱11.9 million, respectively. In 2018, loss on sale of FVOCI investments amounted to ₱2.7 million.

Below is the rollforward of the unrealized valuation gains (losses) on FVOCI investments recognized in equity:

		2020		2019
Beginning balance	₱	**8,739,689**	(₱	8,128,524)
Gain (loss) recognized directly in equity - net of tax		**(5,412,803)**		25,170,172
Amount removed from equity and recognized in consolidated statement of comprehensive income - net of tax		**(805,137)**		(8,301,959)
Ending balance	₱	**2,521,749**	₱	8,739,689

14. Investments and Advances

		2020		2019
Investments at equity - net of valuation allowance	₱	**316,374,056**	₱	995,882,967
Advances - net of allowance for expected credit losses of ₱564.8 million in 2020 and 2019		**1,955,259**		82,772,036
	₱	**318,329,315**	₱	1,078,655,003

Investments at equity consist of:

	2020	2019
Acquisition cost		
Common shares	₱ 2,549,574,872	₱ 2,549,574,872
Preferred shares	4,348,973	6,448,973
Total	2,553,923,845	2,556,023,845
Accumulated equity in net losses and impairment loss	(2,431,887,467)	(1,833,880,993)
Effect of foreign exchange differences	194,337,678	273,740,115
	₱ 316,374,056	₱ 995,882,967

The significant transactions involving the Group's investments in associates in 2020 and 2019 follow:

AGP-SG and AGP-BVI

In December 2011, AI entered into a subscription agreement with AGPI for US$5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note.

The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the "conversion price"); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

AGPI is a BVI business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated. AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries. In 2018, the Group decided to focus on the development and construction of LNG terminals, transportation assets and platforms to deliver natural gas to end-customers and its related business (the "LNG Business") gas logistics due to the identified opportunity to combine the Group's expertise in liquefied natural gas (LNG) industry and decades-long experience in modular construction.

On June 28, 2013, AI converted the US$5.0 million Convertible Bridge Notes to 16.4 million Series B, voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI amounting to US$40.0 million for the subscription of 83.9 million Series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increased AI's holdings to 27%, giving the Group significant influence over AGPI.

In 2018, AGPI merged with AGP-BVI, its subsidiary, with the latter being the surviving entity. The Group retained its 27% ownership in AGP-BVI and its preference shares were converted to common shares upon the merger.

On July 1, 2019, AGP-BVI entered into a share swap agreement with AGP-SG to make the latter the sole owner of the former.

On July 22, 2019, AGP-SG obtained additional equity investment from new investors which effectively decreased the Group's interest in AGP-SG from 27% to 21%. The Group assessed that it still has significant influence over AGP-SG.

The principal place of business of AGP-SG is 600 North Bridge Road, Parkview Square, Singapore.

The total acquisition cost of the investment in AGP-SG amounted to ₱2.0 billion. The Group recognized an impairment loss of ₱232.3 million (after considering the effect of dilution) in 2019 (nil in 2020 and 2018). In 2020, 2019 and 2018, the Group recognized equity in net losses amounting to ₱601.0 million, ₱294.1 million and ₱266.6 million, respectively. The unrecognized share in net losses of AGP-SG as at December 31, 2020 amounted to ₱417.1 million. The Group is not committed to contribute to AGP-SG for any losses in excess of the cost of the investment.

As at December 31, 2020 and 2019, the carrying value of the investment amounted to nil and ₱682.5 million, respectively.

The following are the significant financial information of AGP-SG as at and for the years ended December 31, 2020 and 2019 (in millions):

	2020	2019
Balance Sheets*:		
Current assets	₱ 6,125.2	₱ 7,737.0
Noncurrent assets	13,657.9	15,793.1
Current liabilities	9,391.9	6,896.5
Noncurrent liabilities	8,348.6	6,253.4
Equity	2,042.4	10,491.6
Statements of Comprehensive Income*:		
Revenue	₱ 4,646.9	₱ 9,063.1
Loss before tax	4,859.0	1,257.1
Net loss	4,952.4	1,239.6

** Based on the latest available financial information.*

AIMP

In 2013, the Company invested ₱18.8 million in 15,000,000 common shares and ₱18.8 million in 18,750,000 cumulative, non-voting, redeemable and non-convertible preferred shares in AIMP. These investments gave the Company a total of 10% interest in the entity.

On July 6, 2017, the Company invested additional ₱91.3 million equivalent to 15,000,000 common shares, resulting to an increase in ownership from 10% to 20%, which allowed the Company to exercise significant influence over AIMP.

On December 22, 2017, AIMP redeemed the 12,300,000 preferred shares held by the Company for ₱15.6 million, inclusive of dividends accumulating to the Company amounting to ₱3.3 million.

As at December 31, 2020 and 2019, the carrying value of the investment in AIMP amounted to ₱138.7 million and ₱134.3 million, respectively.

AIMP reported net income amounting to ₱23.3 million, ₱48.1 million and ₱33.1 million in 2020, 2019 and 2018, respectively. The Group recognized equity in net earnings amounting to ₱4.4 million, ₱9.8 million and ₱5.2 million in 2020, 2019 and 2018, respectively.

FHI

On November 22, 2017, the Company and a stockholder of FHI, entered into a conditional deed of sale for the Company's purchase of 12.75% stake in FHI. The Company made an advance payment of ₱77.4 million for the said transaction.

On April 2, 2018, the advance payment of ₱77.4 million was reclassified under "Investments at equity-net of valuation allowance" upon transfer of 37,636,615 shares to the Company. On the same date, the Company entered into a deed of sale for the acquisition of 37,636,613 common shares in FHI for a total consideration of ₱103.0 million. The additional purchase of shares resulted to an increase in ownership interest from 12.75% to 25.5%.

In 2019, the Company made a cash advance to FHI amounting to ₱80.6 million. FHI paid the amount in 2020 and provided cash advance to the Company amounting to ₱27.8 million, which is presented under "Accounts payable and accrued expenses" (see Note 19).

As at December 31, 2020 and 2019, the carrying value of the investment and advances in FHI amounted to ₱177.6 million and ₱259.6 million, respectively.

FHI reported net loss amounting to ₱5.5 million, ₱2.1 million and ₱7.2 million in 2020, 2019 and 2018, respectively. The Group recognized equity in net losses amounting to ₱1.4 million, ₱0.5 million and ₱0.8 million in 2020, 2019 and 2018, respectively.

BM

In October 2011, AI entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constituted 10% of the total Series A preferred units outstanding. In the first quarter of 2012, all of AI's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's parent company. Predictive is a US-based early-stage technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the-art mathematics that allow it to measure and quantify emotions associated with digital content.

In July 2015, AI made an additional investment of US$0.5 million (₱22.5 million). In March 2016, AI invested an additional US$0.44 million (₱20.5 million) through a convertible note. In October 2016, Predictive merged with BM, its subsidiary, with the latter being the surviving company. As part of the restructuring of BM, the convertible notes and accrued interest were converted to equity on the same date and AI invested an additional US$0.81 million (₱39.2 million) for a 20.5% shareholding in BM. The increased ownership allows AI to exercise significant influence over BM.

In 2016, AI provided impairment loss on its investment in BM amounting to ₱62.2 million.

As at December 31, 2020 and 2019, the net carrying value of AI's investment in BM amounted to nil.

Prople Limited

In November 2013, AI invested US$4.0 million (₱175.9 million) convertible notes in Prople Limited. In August 2015 and February 2016, AI purchased Tranche C notes of Prople Limited amounting to US$0.5 million (₱22.6 million) and US$0.2 million (₱10.6 million), respectively. These notes are convertible at the option of the holder into common shares of Prople Limited. The interest is 5% for the first three years and if not converted on the third anniversary of closing date (i.e., November 18, 2016, the conversion date), the interest will be the prevailing five-year US Dollar Republic of the Philippines (ROP), plus 400 basis points or 7%, whichever is higher for the next two years.

In February 2016, AI converted the notes to equity, giving AI a 32% equity stake and a significant influence over Prople Limited.

In prior years, the Group recognized impairment loss on the investment in Prople Limited.

In 2020, Prople Limited redeemed the preference shares held by the Group amounting to ₱10.1 million.

As at December 31, 2020 and 2019, the net carrying value of AI's investment in Prople Limited amounted to nil.

The Group has no share in the contingent liabilities of any associates as at December 31, 2020 and 2019.

15. Property and Equipment

	2020					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱ 2,750,296,452	₱1,218,414,151	₱ 518,630,125	₱ 217,613,260	₱ 48,538,970	₱ 4,753,492,958
Additions	44,739,147	24,065,790	40,653,475	11,201,836	65,624,912	186,285,160
Reclassification	32,641,921	56,689,840	4,318,178	5,266,262	(98,916,201)	–
Retirement/disposals	–	–	(1,542,946)	(6,913,882)	–	(8,456,828)
December 31	2,827,677,520	1,299,169,781	562,058,832	227,167,476	15,247,681	4,931,321,290
Accumulated Depreciation and Amortization						
January 1	895,832,760	721,854,452	418,332,114	155,010,019	–	2,191,029,345
Depreciation and amortization (Note 22)	78,427,433	101,681,052	53,265,998	34,532,868	–	267,907,351
Retirement/disposals	–	–	(1,542,946)	(6,913,882)	–	(8,456,828)
December 31	974,260,193	823,535,504	470,055,166	182,629,005	–	2,450,479,868
Net Book Value	₱ 1,853,417,327	₱ 475,634,277	₱ 92,003,666	₱ 44,538,471	₱ 15,247,681	₱ 2,480,841,422

	2019					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱ 2,722,844,921	₱ 1,063,069,548	₱ 510,404,741	₱ 221,735,321	₱ 20,172,856	₱ 4,538,227,387
Additions	22,029,912	91,129,913	36,278,461	10,691,218	98,002,423	258,131,927
Reclassification	5,421,619	64,214,690	–	–	(69,636,309)	–
Retirement/disposals	–	–	(28,053,077)	(14,813,279)	–	(42,866,356)
December 31	2,750,296,452	1,218,414,151	518,630,125	217,613,260	48,538,970	4,753,492,958
Accumulated Depreciation and Amortization						
January 1	843,544,117	613,174,917	377,454,085	143,223,831	–	1,977,396,950
Depreciation and amortization (Note 22)	52,288,643	108,679,535	68,931,106	26,599,467	–	256,498,751
Retirement/disposals	–	–	(28,053,077)	(14,813,279)	–	(42,866,356)
December 31	895,832,760	721,854,452	418,332,114	155,010,019	–	2,191,029,345
Net Book Value	₱ 1,854,463,692	₱ 496,559,699	₱ 100,298,011	₱ 62,603,241	₱ 48,538,970	₱ 2,562,463,613

Construction in progress includes cost of the on-going construction of the land and building improvements and cost of assembling machineries and equipment.

Depreciation amounted to ₱267.9 million, ₱256.5 million and ₱252.8 million in 2020, 2019 and 2018, respectively (see Note 22).

16. Investment Properties

	2020		
	Land	Condominium	Total
Cost			
January 1 and December 31	₱ 238,010,571	₱ 293,595,000	₱ 531,605,571
Accumulated Depreciation and Amortization			
January 1	–	1,223,313	1,223,313
Depreciation and amortization (Note 22)	–	14,679,749	14,679,749
December 31	–	15,903,062	15,903,062
Net Book Value	₱ 238,010,571	₱ 277,691,938	₱ 515,702,509

	2019		
	Land	Condominium	Total
Cost			
January 1	₱ 238,104,974	₱ –	₱ 238,104,974
Additions	–	293,595,000	293,595,000
Reclassification	(94,403)	–	(94,403)
December 31	238,010,571	293,595,000	531,605,571
Accumulated Depreciation and Amortization			
January 1	–	–	–
Depreciation and amortization (Note 22)	–	1,223,313	1,223,313
December 31	–	1,223,313	1,223,313
Net Book Value	₱ 238,010,571	₱ 292,371,687	₱ 530,382,258

The Group's investment properties include 144.4 hectares of land in Palawan, 36.9 hectares of land in Cebu, and 97.4 hectares of land in Guimaras. Condominium pertains to the two (2) commercial condominium units purchased by the Company in 2019 and are held for lease to other parties and associate. The aggregate fair value of these investment properties as at December 31, 2020 amounted to ₱3.88 billion.

Fair valuation of the land properties was performed by professionally qualified, SEC-accredited and independent appraisers as at October 2019 to January 2020. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are either for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties. Under Department of Agrarian Reform (DAR) rules, AAC has to complete the development on the Guimaras land by September 2018. On November 11, 2018, DAR approved the Group's request for extension to develop the property within a non-extendible period of five years from the receipt of order or until December 6, 2023. The notice of order was received by the Group on December 7, 2018.

The fair value of the condominium units was arrived at through the use of the "Income Approach," particularly the "Discounted Cash Flow Analysis" which is a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property being valued. In an operating property, periodic cash flow is typically estimated as gross revenue less operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value, anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. The fair value of the condominium units is categorized as Level 3. The highest and best use of these properties is for leasing.

The Group recognized rental income of ₱12.3 million and ₱1.0 million from these investment properties in 2020 and 2019, respectively (nil in 2018) (see Note 31).

The aggregate direct expenses pertaining to real property taxes, condominium dues and depreciation expense amounted to ₱19.2 million, ₱1.9 million and ₱0.4 million, in 2020, 2019 and 2018, respectively.

17. Other Noncurrent Assets and Other Noncurrent Liabilities

The Group's other noncurrent assets comprise the following as of December 31:

		2020		2019
Fund for villa operations and capital expenditures (Note 31)	₱	**95,921,673**	₱	107,790,478
Deposit to suppliers		**77,124,777**		101,610,508
Computer software - net of accumulated depreciation of ₱11.0 million and ₱8.9 million as at December 31, 2020 and 2019, respectively		**7,009,910**		8,887,115
Property development in progress (Note 31)		**3,679,290**		3,676,224
Refundable deposits		**1,426,368**		1,426,368
Others		**4,743,667**		255,738
	₱	**189,905,685**	₱	223,646,431

Fund for villa operations and capital expenditures is a restricted cash fund of PRI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated balance sheets (see Note 31).

Deposits to suppliers include advances to suppliers for the maintenance of IAI's aircraft and for the acquisition of specific property and equipment.

Other noncurrent liabilities amounted to ₱111.4 million and ₱148.0 million as at December 31, 2020 and 2019, respectively, which include the related liability for the fund asset of PRI recognized above and other liabilities arising from funds for future infrastructure and utility development of villas and funds for replacement of power generating units and desalination plant.

18. Notes Payable

Notes payable as at December 31, 2020 represent unsecured, short-term, interest-bearing liabilities of IAI amounting to ₱23.2 million. The Group has no outstanding notes payable as at December 31, 2019.

Details of the Group's short-term borrowing transactions are as follows:

a. In January and February 2020, IAI obtained a loan from a bank amounting to ₱10.17 million and ₱18.00 million, respectively. The amount loaned from the bank was used for the additional working capital of IAI. The loans have interest initially fixed at 5% subject to review and resetting by the bank every 30 days based on prevailing market rates at such time of review and resetting. On January 11, 2021, the loan was rolled-over for another year.

a. PDP availed loans from a local bank totaling to ₱450.0 million in 2018. Terms of the loans is 32 to 58 days with rates ranging from 3.5% to 5.7%.

b. Total interest expense from these loans recognized in the consolidated profit or loss amounted to ₱1.2 million, ₱0.5 million and ₱2.3 million in 2020, 2019 and 2018, respectively (see Note 24).

c. The Group's unavailed loan credit line from banks amounted to ₱3,191.4 million and ₱3,329.6 million as at December 31, 2020 and 2019, respectively.

19. Accounts Payable and Accrued Expenses

		2020		2019
Trade payables	₱	**294,839,235**	₱	310,878,102
Refundable deposits		**191,960,889**		211,118,416
Accruals for:				
Personnel expenses		**146,090,331**		157,422,592
Utilities		**11,746,688**		9,781,344
Taxes and licenses		**4,770,416**		12,891,586
Handling		**4,523,000**		4,657,689
Others (Note 33)		**20,607,651**		45,651,554
Payable to villa owners		**54,862,856**		55,560,904
Contract liabilities (Note 5)		**54,286,065**		52,693,634
Payable to a related party (Note 14)		**27,805,900**		–
Payable to contractors		**19,848,123**		17,049,237
Payable to government agencies		**19,558,046**		36,517,947
Other payables (Note 33)		**6,921,567**		17,097,152
	₱	**857,820,767**	₱	931,320,157

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Other accrued expenses include unpaid operating costs of the Group.

Refundable deposits mainly pertain to advance payments made by guests.

Contract liabilities pertain to the customers' advances for the delivery of goods and services.

Payable to contractors are amounts due to suppliers for ongoing and completed construction projects.

20. Long-term Debt

The Group's outstanding long-term debt from local banks pertain to the following companies:

		2020		2019
PDP Energy	₱	**227,142,857**	₱	378,571,428
IAI		**–**		10,440,675
Anscor		**–**		114,295,500
		227,142,857		503,307,603
Less current portion		**151,428,571**		276,164,746
	₱	**75,714,286**	₱	227,142,857

a. On June 24, 2013, the Company obtained a loan amounting to US$45.0 million or ₱1,997.8 million to finance the additional investments in shares of stock of AGPI. The loan is payable quarterly in seven years, inclusive of a two-year grace period and bears interest equal to outstanding three month LIBOR rate plus 2.0% spread per annum. The loan is secured by pledge to the Company's investments in listed shares with market value amounting to ₱1,524.0 million as at December 31, 2019 (see Note 10). This loan provides for certain affirmative and negative covenants, such as the use of the proceeds of the loan, maintenance at all times of the required collateral value of no less than 100% of the outstanding loan balance, not allow the Company's debt-to-equity ratio to exceed 1.75:1 and the Company's current ratio to fall below 1.25:1, among others. The loan agreement further provides that in the event that these ratios are violated specifically by reason of any additional indebtedness with maturity exceeding one year, the Company shall notify the bank in writing of such indebtedness. As at December 31, 2019, the Company is in compliance with the debt covenants. In 2020, the Company fully paid the loan and accordingly, the pledge over the shares of stock was released.

b. In 2015, PDP Energy obtained a long-term loan to partially fund the ₱1.5 billion cash dividend paid to Anscor. Principal amount of the loan amounted to ₱1.2 billion payable in seven years with annual interest of 4.5%, subject to repricing at the end of the fifth year.

   PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks except for working capital requirement; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2020 and 2019, PDP Energy is in compliance with the debt covenants.

In addition, the long-term loan is secured by the following collaterals, among others:

- Real estate mortgage over the land owned by Minuet;
- Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy and PDEI's premises;
- Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
- Assignment of leasehold rentals of the properties located in PDP Energy's premises.

On December 19, 2016, the pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor was released by the bank.

The long-term loan also provides for pretermination without penalty.

c. In 2014, IAI converted the short-term loan amounting to US$1.1 million (₱47.0 million) to long-term loan. The term of the loan is six years, inclusive of one year grace period on principal payments. The loan is payable in 20 equal quarterly installments on principal repayment date commencing at the end of the first quarter of the grace period.

The loan is subject to Mortgage Trust Indenture or "MTI" dated November 29, 2005 between SSRLI and the MTI trustee (AB Capital and Investment Corporation), covering a portion of the assets of SSRLI.

The interest rate shall be equivalent to the base interest rate plus margin. The interest shall be payable quarterly in arrears computed based on the outstanding balance of the loan.

This loan was settled in full in May 2020.

Total interest expense recognized in the consolidated profit or loss amounted to ₱19.2 million, ₱44.4 million and ₱70.5 million in 2020, 2019 and 2018, respectively (see Note 24).

21. Equity

Equity holders of the Parent

Capital stock as at December 31, 2020 and 2019 consists of the following common shares:

	Number of Shares		Amount
Authorized	3,464,310,958	₱	3,464,310,958
Issued	2,500,000,000		2,500,000,000

On February 19, 2020, the Company's BOD approved the amendment of its Articles of Incorporation (AOI) wherein authorized capital stock of 5,000,000 common shares (par value of ₱1.00 per share) amounting to ₱5.0 million will be reclassified to 500,000,000 preferred shares (par value of ₱0.01 per share) amounting to ₱5.0 million. In August 2020, the Company applied for the amendment of the AOI with the SEC and this is still for approval of the SEC as at February 18, 2021.

Outstanding shares, net of shares held by a subsidiary, as at December 31, 2020 and 2019 totaled 1,227,570,239 and 1,250,127,754, respectively. The Company's equity holders as at December 31, 2020 and 2019 is 11,074 and 11,087, respectively.

The Philippine SEC authorized the offering/sale to the public of the Company's 10.0 million and 140.0 million common shares with par value of ₱1.00 each on December 29, 1948 and January 17, 1973, respectively. On August 30, 1996, the Philippine SEC authorized the licensing of 910,476,302 common shares at the subscription price of ₱2.50 per share.

In 2020, 2019 and 2018, the Company declared the following cash dividends:

	2020	2019	2018
Month of declaration	March	February and November	February
Cash dividend per share	₱ 0.75	₱ 0.25 and ₱ 0.25	₱ 0.50
Total cash dividends	₱ 1,875.0 million	₱ 1,250.0 million	₱ 1,250.0 million
Share of a subsidiary	₱ 937.4 million	₱ 634.6 million	₱ 641.4 million

As at December 31, 2020 and 2019, the Company's dividends payable amounted to ₱366.1 million and ₱284.0 million, respectively. Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as at December 31, 2020 and 2019 due to problematic addresses of some of the Company's stockholders.

The Company's BOD approved the following appropriation of the Company's unrestricted retained earnings:

Date of Appropriation	Amount
2011	₱ 2,100,000,000
2013	900,000,000
2014	1,600,000,000
2015	1,700,000,000
2016	850,000,000
	₱ 7,150,000,000

The appropriation will be used for the Company's investment program within the next three years on business activities related to tourism, business process outsourcing and manufacturing, whether based in the Philippines or offshore.

Appropriations in 2011 and 2013 were extended in 2017. Appropriations in 2014 and 2015 were extended in 2018 and 2019, respectively.

On November 11, 2020, the BOD approved the extension of the appropriation of retained earnings totaling ₱7,150.0 million for another three years.

The unappropriated retained earnings is restricted for the dividend declaration by the following:

- Balance of gross deferred income tax assets amounting ₱136.3 million and ₱89.1 million as at December 31, 2020 and 2019, respectively.
- Shares in the undistributed retained earnings of subsidiaries amounting to ₱3.7 billion and ₱3.2 billion as at December 31, 2020 and 2019, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Shares held by a subsidiary

As at December 31, 2020 and 2019, Anscorcon holds 1,272,429,761 shares and 1,249,872,246 shares, respectively, of the Company. Anscorcon purchased the Company's shares amounting to ₱285.8 million (22,557,515 shares) and ₱119.0 million (17,783,600 shares) in 2020 and 2019, respectively. In 2019, Anscorcon sold 56.0 million Company shares for ₱359.9 million.

22. Cost of Goods Sold, Cost of Services Rendered and Operating Expenses

Cost of goods sold consists of:

	2020	2019	2018
Materials used and changes in inventories (Note 12)	₱ 4,654,071,070	₱ 6,182,201,800	₱ 6,634,879,313
Salaries, wages and employee benefits (Note 23)	108,218,705	123,726,961	110,439,330
Depreciation and amortization (Note 15)	92,478,983	81,236,323	78,937,284
Repairs and maintenance	75,010,253	103,648,290	88,279,128
Utilities	72,743,297	81,758,417	83,013,181
Transportation and travel	6,045,156	7,842,844	6,708,026
Security services	5,992,989	5,023,323	4,726,837
Insurance	2,127,082	2,143,719	2,027,792
Others	7,000,700	2,707,310	1,538,398
	₱ 5,023,688,235	₱ 6,590,288,987	₱ 7,010,549,289

Cost of services rendered consists of:

	2020	2019	2018
Resort operating costs	₱ 101,363,691	₱ 160,436,397	₱ 146,884,223
Salaries, wages and employee benefits (Note 23)	50,926,678	65,974,344	72,475,563
Depreciation and amortization (Note 15)	28,521,875	39,749,485	37,966,471
Materials and supplies - resort operations (Note 12)	21,855,679	25,548,530	29,910,544
Transportation and travel	18,045,475	53,711,346	38,946,171
Fuel cost	16,956,751	35,731,780	44,173,953
Repairs and maintenance	9,122,274	30,384,808	31,336,351
Commissions	7,191,262	15,313,975	17,201,564
Insurance	6,063,533	4,515,573	4,887,652
Outside services	726,978	1,142,487	1,383,256
Others	7,928,253	14,550,117	12,342,441
	₱ 268,702,449	₱ 447,058,842	₱ 437,508,189

Operating expenses consist of:

	2020	2019	2018
Salaries, wages and employee benefits (Note 23)	₱ 292,989,341	₱ 343,715,912	₱ 347,286,847
Depreciation and amortization (Notes 15, 16 and 31)	171,173,222	151,194,031	135,916,449
Advertising, marketing and management fee (Note 31)	92,191,957	151,367,555	150,804,663
Shipping and delivery expenses	72,923,630	89,675,097	82,775,651
Taxes and licenses	72,842,002	55,210,882	48,090,154
Utilities	63,194,782	79,746,977	76,226,590
Repairs and maintenance	61,348,628	56,982,751	51,645,741
Professional and directors' fees	37,395,138	49,816,241	72,891,128
Transportation and travel	24,703,019	47,347,552	46,524,779
Insurance	23,278,643	21,649,585	22,997,892
Security services	20,457,933	21,220,110	20,613,634
Commissions	19,791,818	34,019,789	30,268,954
Communications	13,399,461	12,719,346	12,230,631
Donation and contribution	10,026,883	9,618,796	6,632,200
Meetings and conferences	8,299,842	8,820,470	7,459,777
Association dues	7,769,547	8,113,533	7,808,276
Office supplies	6,817,298	6,786,878	6,097,933
Entertainment, amusement and recreation	6,692,946	6,122,508	6,923,568
Medical expenses	3,805,958	8,984,153	5,171,806
Trainings	2,676,059	2,059,633	1,064,914
Computer programming	2,546,436	13,450,049	6,177,406
Rental (Note 31)	1,612,537	160,736	7,773,918
Contract maintenance	835,145	1,314,420	1,619,259
Others	34,878,189	37,708,623	39,381,446
	₱ 1,051,650,414	₱ 1,217,805,627	₱ 1,194,383,616

In 2020, 2019 and 2018, the Company paid bonus to its non-executive directors amounting to ₱14.0 million, ₱4.6 million and ₱10.7 million, respectively.

As approved in 2004, the directors are given bonus representing no more than 1.0% of previous year's net income of the Company.

23. Personnel Expenses

	2020	2019	2018
Salaries and wages	₱ 381,286,501	₱ 348,909,427	₱ 422,082,781
Pension costs (Note 25)	18,123,185	13,203,358	37,124,451
Social security premiums and other employee benefits	52,725,038	171,304,432	70,994,508
	₱ 452,134,724	₱ 533,417,217	₱ 530,201,740

In 2020, 2019 and 2018, the Group declared and paid bonuses to its executive officers amounting to ₱65.5 million, ₱37.0 million and ₱51.8 million, respectively.

Annual bonus of no more than 3.0% of the preceding year's net income is given to executive officers of the Company as approved in 2004.

24. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

		2020		2019		2018
Debt instruments (Notes 10 and 13)	₱	**47,215,234**	₱	75,190,235	₱	75,378,770
Cash and cash equivalents (Note 9)		**15,417,105**		34,410,510		26,825,911
Others (Note 11)		**19,571,484**		14,877,290		7,311,466
	₱	**82,203,823**	₱	124,478,035	₱	109,516,147

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.2 million, ₱1.8 million and ₱0.8 million in 2020, 2019 and 2018, respectively.

Interest expense arose from the following:

		2020		2019		2018
Long-term debt (Note 20)	₱	**19,230,512**	₱	44,390,418	₱	70,524,251
Lease liabilities (Note 31)		**2,711,954**		3,286,888		–
Notes payable (Note 18)		**1,215,914**		495,072		2,293,068
Others		**1,252,758**		192,245		91,052
	₱	**24,411,138**	₱	48,364,623	₱	72,908,371

Other income (charges) consists of:

		2020		2019		2018
Receipt of escrow fund and tax refund	₱	**83,967,456**	₱	88,301,725	₱	38,640,000
Recovery of impairment losses						
(Notes 11 and 14)		**10,322,694**		–		7,632,131
Rental income (Note 31)		**12,579,912**		2,909,532		8,566,268
Gain on rent concession		**3,917,535**		–		–
Gain on sale of property		**550,920**		526,784		448,832
Claims and other refunds		**–**		–		54,024,733
Provision for impairment losses on:						
Receivables (Note 11)		**(75,243,352)**		(40,841,504)		(15,430,275)
Other current and noncurrent assets		**–**		(910,582)		(1,599,246)
Others		**15,105,025**		18,866,131		(12,574,068)
	₱	**51,200,190**	₱	68,852,086	₱	79,708,375

Others included ASAC's reimbursement from lessees and reversal of accrued expenses.

In relation to the sale of Cirrus, an amount in escrow was established to which the Group will be entitled to receive over a period of three years until 2020, subject to certain conditions. In 2020 and 2019, the Group received the escrow fund while in 2018, the Group received the tax refund.

25. Pension

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. The benefits to be received by the officers and employees under the pension plans shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641.

The funds are administered by trustee banks under the control and supervision of the Board of Trustees (BOT) of the pension plans, who is composed of the executive officers of the Company.

The Group contributes to the funds as required under accepted actuarial principles to maintain the plan in sound condition and reserves the right to discontinue, suspend or change the rate and amount of its contribution to the funds at any time.

Funding Policy

The Group contributes to the plans amounts (estimated by an actuary on the basis of reasonable actuarial assumptions) which are necessary to provide the defined benefits. No member is required to make any contribution to the plans. Contributions to the plans are determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future in respect of services in the current period. The past service cost (PSC) is the present value of the units of benefits payable in the future in respect of services rendered prior to valuation date.

The Group's management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group's current strategic investment strategy consists of 40% of equity instruments and 60% of debt instruments.

As at December 31, 2020 and 2019, the Company's defined benefit retirement fund (Fund) has investments in shares of stock of the Company with a cost of ₱413.6 million and ₱405.8 million, respectively. The fair value of the shares of stock amounted to ₱420.4 million and ₱400.7 million as at December 31, 2020 and 2019, respectively.

All of the fund's investing decisions are made by the BOT of the pension plans. The retirement benefit fund's total losses and gains arising from the changes in market prices amounted to ₱31.0 million gain and ₱8.3 million loss in 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the Fund's fair value amounted to ₱551.8 million and ₱492.6 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated profit or loss and the funded status and amounts recognized in the consolidated balance sheets.

	2020	2019	2018
Retirement benefit cost:			
Current service cost	₱ 20,555,238	₱ 17,562,357	₱ 22,420,634
Net interest	(2,432,053)	(4,358,999)	(3,508,392)
Past service cost	–	–	18,212,209
Net benefit expense (Note 23)	₱ 18,123,185	₱ 13,203,358	₱ 37,124,451
Actual return on plan assets	₱ 46,900,559	₱ 38,309,338	(₱ 11,890,805)

Changes in net retirement plan asset are as follows:

	2020	2019	2018
Net retirement plan asset, beginning	₱ 84,470,839	₱ 65,391,589	₱ 93,706,684
Current service cost	(12,178,895)	(11,281,011)	(16,376,425)
Net interest	4,034,196	5,115,853	3,113,413
	(8,144,699)	(6,165,158)	(13,263,012)
Actuarial changes arising from:			
Changes in financial assumptions	(15,731,936)	(21,613,963)	19,895,193
Experience adjustments	3,213,923	13,906,841	(5,457,343)
Changes in the effect of asset ceiling	(1,514,499)	10,662,932	443,348
Remeasurement of plan assets	21,595,526	4,002,083	(34,561,863)
Changes in demographic adjustments	–	2,205,744	–
	7,563,014	9,163,637	(19,680,665)
Contribution	7,723,176	16,196,994	17,143,550
Transfer to net retirement payable	–	(116,223)	(12,514,968)
Net retirement plan asset, end	₱ 91,612,330	₱ 84,470,839	₱ 65,391,589

Changes in net retirement benefits payable are as follows:

	2020	2019	2018
Net retirement benefits payable, beginning	(₱ 32,252,060)	(₱ 12,858,113)	(₱ 9,184,074)
Current service cost	(8,376,343)	(6,281,346)	(6,044,209)
Net interest	(1,602,143)	(756,854)	394,979
Past service cost	–	–	(18,212,209)
	(9,978,486)	(7,038,200)	(23,861,439)
Actuarial changes arising from:			
Changes in financial assumptions	(18,812,882)	(14,606,935)	11,954,837
Experience adjustments	(3,225,553)	(5,868,754)	(6,466,368)
Remeasurement of plan assets	1,377,734	1,997,522	(4,137,703)
Changes in the effect of asset ceiling	–	10,000	–
	(20,660,701)	(18,468,167)	1,350,766

(Forward)

	2020	2019	2018
Contribution	₱ 5,996,197	₱ 5,996,197	₱ 5,048,364
Transfer from net retirement asset	–	116,223	12,514,968
Reduction in net retirement benefits payable for disposed subsidiary (Note 8)	–	–	1,273,302
Net retirement benefits payable, end	(₱ 56,895,050)	(₱ 32,252,060)	(₱ 12,858,113)

Computation of net retirement plan assets (liabilities):

2020	Net Retirement Plan Assets	Net Retirement Liabilities	Total
Present value of defined benefit obligation	(₱338,630,793)	(₱155,157,639)	(₱ 493,788,432)
Fair value of plan assets	453,554,056	98,262,589	551,816,645
Surplus (deficit)	114,923,263	(56,895,050)	58,028,213
Effect of the asset ceiling	(23,310,933)	–	(23,310,933)
Retirement plan assets (liabilities)	₱ 91,612,330	(₱ 56,895,050)	₱ 34,717,280

2019	Net Retirement Plan Assets	Net Retirement Liabilities	Total
Present value of defined benefit obligation	(₱ 301,273,798)	(₱118,259,807)	(₱ 419,533,605)
Fair value of plan assets	406,707,993	85,891,524	492,599,517
Surplus (deficit)	105,434,195	(32,368,283)	73,065,912
Effect of the asset ceiling	(20,847,133)	–	(20,847,133)
Transfer to (from) net retirement payable (asset)	(116,223)	116,223	–
Retirement plan assets (liabilities)	₱ 84,470,839	(₱ 32,252,060)	₱ 52,218,779

Changes in the present value of defined benefit obligation:

	2020	2019
Defined benefit obligation, beginning	₱ 419,533,605	₱ 353,810,481
Current service cost	20,555,238	17,562,357
Interest cost	20,545,945	25,864,951
Remeasurement in other comprehensive income:		
Actuarial loss - changes in financial assumptions	34,544,818	36,220,898
Actuarial loss (gain) - experience adjustments	11,630	(8,038,087)
Actuarial gain - changes in demographic assumptions	–	(2,205,744)
Benefits paid from plan assets	(1,402,804)	(3,681,251)
Defined benefit obligation, ending	₱ 493,788,432	₱ 419,533,605

Changes in the fair value of plan assets:

		2020		2019
Fair value of plan assets, beginning	₱	**492,599,517**	₱	435,778,239
Interest income		**23,927,299**		32,309,733
Contributions		**13,719,373**		22,193,191
Remeasurement gain		**22,973,260**		5,999,605
Benefits paid from plan assets		**(1,402,804)**		(3,681,251)
Fair value of plan assets, ending	₱	**551,816,645**	₱	492,599,517

Changes in the effect of asset ceiling:

		2020		2019
Beginning balance	₱	**20,847,133**	₱	29,434,282
Changes in the effect of asset ceiling		**1,514,499**		(10,672,932)
Interest on the effect of asset ceiling		**949,301**		2,085,783
Ending balance	₱	**23,310,933**	₱	20,847,133

The fair value of plan assets as at December 31 are as follows:

		2020		2019
Debt instruments	₱	**399,277,206**	₱	349,396,318
Equity instruments		**140,111,138**		119,177,159
Unit investment trust funds		**5,062,219**		7,495,552
Cash and cash equivalents		**847,289**		13,744,563
Others		**6,518,793**		2,785,925
	₱	**551,816,645**	₱	492,599,517

The financial instruments with quoted prices in active market amounted to ₱914.6 million and ₱836.8 million as at December 31, 2020 and 2019, respectively. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the Company, PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2020	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	**+100 bps**	**(₱ 20,570,429)**
	-100 bps	**23,424,647**
Future salary increases	**+100 bps**	**22,970,819**
	-100 bps	**(20,582,214)**

2019	Change in Rates		Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱	16,044,671)
	-100 bps		18,182,116
Future salary increases	+100 bps		18,107,055
	-100 bps		(16,273,402)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the subsidiaries except PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2020	Change in Rates		Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	**+100 bps**	**(₱**	**1,294,462)**
	-100 bps		**1,472,413**
Future salary increases	**+100 bps**		**1,435,394**
	-100 bps		**(1,288,486)**

2019	Change in Rates		Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱	970,425)
	-100 bps		1,095,421
Future salary increases	+100 bps		1,088,780
	-100 bps		(982,737)

The Group expects to make contributions amounting to ₱29.5 million to its defined benefit pension plans in 2021.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2020	2019
Discount rate	**1.92% to 3.78%**	3.87% to 5.61%
Future salary increases	**3.00% to 5.00%**	3.00% to 5.00%

The weighted average duration of the defined benefit obligation as at December 31, 2020 and 2019 ranges from 1.4 to 11.8 years and 2.0 to 11.9 years, respectively.

Shown below is the maturity analysis of the expected future benefit payments as at December 31, 2020:

Year		Amount
2021	₱	269,958,009
2022		8,883,645
2023		18,130,662
2024		23,821,551
2025		17,580,730
2026 to 2030		154,368,191

There were no changes from the previous period in the method and assumptions used in preparing the sensitivity analysis.

26. Income Taxes

The provision for (benefit from) income tax consists of:

	2020	2019	2018
Current	₱ 332,501,209	₱ 419,419,841	₱ 316,870,929
Deferred	(41,181,668)	9,953,813	30,347,637
	₱ 291,319,541	₱ 429,373,654	₱ 347,218,566

The components of the net deferred income tax assets (liabilities) are as follows:

	2020		2019	
	Net Deferred Income Tax Assets[1]	Net Deferred Income Tax (Liabilities)[2]	Net Deferred Income Tax Assets[1]	Net Deferred Income Tax (Liabilities)[2]
Recognized in the consolidated profit or loss:				
Deferred income tax assets on:				
Allowance for expected credit losses	₱ 71,134,320	₱ –	₱ 48,561,315	₱ –
Allowance for inventory obsolescence and losses	23,625,259	–	23,163,435	–
Retirement benefits payable	16,387,929	–	9,409,769	–
Accrued expenses	2,833,564	–	2,952,554	–
Unamortized past service cost	2,052,372	926,771	2,558,158	926,771
Unrealized foreign exchange loss	553,075	11,165,712	295,134	–
Market adjustment on FVPL investments	12,155	–	12,155	–
Others	7,586,490	–	1,195,368	–
	124,185,164	12,092,483	88,147,888	926,771

[1] *Pertain to PDP, SSRLI, ASAC, AHI and Sutton*
[2] *Pertain to Anscor and Anscorcon*

(Forward)

	2020		2019	
	Net Deferred Income Tax Assets[1]	Net Deferred Income Tax (Liabilities)[2]	Net Deferred Income Tax Assets[1]	Net Deferred Income Tax (Liabilities)[2]
Deferred income tax liabilities on:				
Retirement plan assets	(₱ 260,619)	(₱ 5,586,651)	₱ –	(₱ 4,724,625)
Unrealized foreign exchange gains	–	–	–	(9,722,141)
Uncollected management fee	–	(7,711,376)	–	(8,419,202)
Fair value adjustment	–	(308,417,058)	–	(316,412,386)
Market adjustment on FVPL investments	–	(137,093,780)	–	(120,310,966)
	(260,619)	(458,808,865)	–	(459,589,320)
	123,924,545	(446,716,382)	88,147,888	(458,662,549)
Recognized in other comprehensive income:				
Deferred income tax assets (liabilities) on:				
Unrealized valuation gains on FVOCI investments	–	(1,080,750)	–	(2,633,436)
Cumulative actuarial losses (gains)	72,955	(20,594,624)	(991,875)	(18,016,711)
	72,955	(21,675,374)	(991,875)	(20,650,147)
	₱ 123,997,500	(₱468,391,756)	₱ 87,156,013	(₱ 479,312,696)

[1] Pertain to PDP, SSRLI, ASAC, AHI and Sutton
[2] Pertain to Anscor and Anscorcon

There are deductible temporary differences for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not probable. These deductible temporary differences are as follows:

	2020	2019
Allowances for:		
Impairment losses	₱ 1,883,617,238	₱ 1,883,617,238
Expected credit losses	564,800,000	564,800,000
NOLCO	196,022,196	169,370,238
MCIT	8,808,089	8,725,100
Accrued pension benefits and others	2,379,668	3,538,754
Provision for probable losses and lawsuits	–	5,721,158

The Company and other subsidiaries domiciled in the Philippines are subjected to the Philippine statutory tax rate of 30% in 2020, 2019 and 2018.

The reconciliation of provision for income tax computed at the statutory tax rates to provision for income tax is as follows:

	2020	2019	2018
Provision for income tax at statutory tax rates	₱ 138,013,361	₱ 710,325,095	₱ 375,612,585
Additions to (reductions from) income taxes resulting from:			
Dividend income not subject to income tax	(72,379,100)	(108,395,002)	(83,477,245)
Decrease (increase) in market values of marketable equity securities and other investments subjected to final tax	216,649,877	(233,588,466)	167,752,492
Income tax at 5% GIT	(17,975,832)	(85,665,018)	(37,443,654)
Movement in unrecognized deferred income tax assets	19,854,703	87,384,190	(48,177,801)
Expired NOLCO and MCIT	37,133,055	7,085,291	53,808,275
Nontaxable income	(218,673,569)	(13,687,406)	(142,280,407)
Interest income already subjected to final tax	(1,458,413)	(2,556,510)	(3,114,226)
Equity in net losses of associates not subject to income tax	179,401,942	85,449,941	78,655,241
Nondeductible loss on sale of a subsidiary	–	–	2,724,000
Others	10,753,517	(16,978,461)	(16,840,694)
	₱ 291,319,541	₱ 429,373,654	₱ 347,218,566

The Group has available NOLCO and MCIT which can be claimed as deduction from taxable income and as credit against income tax due, respectively, as follows:

NOLCO

Period of Recognition	Availment Period	Amount	Additions	Applied	Expired	Balance
2017	2018-2020	₱ 118,310,227	₱ –	₱ –	(₱ 118,310,227)	₱ –
2018	2019-2021	31,228,922	–	–	–	31,228,922
2019	2020-2022	19,831,089	–	–	–	19,831,089
2020	2021-2025	–	144,962,185	–	–	144,962,185
		₱ 169,370,238	₱ 144,962,185	₱ –	(₱ 118,310,227)	₱ 196,022,196

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Hence, the incurred NOLCO of the Group in taxable year 2020 can be claimed as deduction from the regular taxable income from taxable years 2021 to 2025, in pursuant to the Bayanihan to Recover As One Act.

MCIT

Recognition	Availment Period		Amount		Additions		Applied		Expired		Balance
2017	2018-2020	₱	1,639,987	₱	–	₱	–	(₱	1,639,987)	₱	–
2018	2019-2021		3,218,932		–		–		–		3,218,932
2019	2020-2022		3,866,181		–		–		–		3,866,181
2020	2021-2023		–		1,722,976		–		–		1,722,976
		₱	8,725,100	₱	1,722,976	₱	–	(₱	1,639,987)	₱	8,808,089

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act

In February 2021, the Bicameral Conference Committee of both the Senate and the Congress have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act", which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making them time-bound, targeted and performance-based. Once the approved bill is submitted to the Office of the President for approval, the President can either approve or veto the fully enrolled bill; or approve or veto only certain provisions of the bill. If the bill is approved or the 30-day time period for the Office of the President to veto the bill has lapsed, the bill will then be enacted as a law.

The key changes of the submitted CREATE bill for approval are as follows:

- Effective July 1, 2020, RCIT rate is decreased from 30% to 20% for corporations with total assets of ₱100.0 million or below and taxable income of ₱5.0 million and below. All other corporations not meeting the criteria will be subject to lowered RCIT rate of 25% from 30%;
- Effective July 1, 2020 and for a period of 3 years, MCIT rate will lowered from 2% to 1% of gross income; and
- Improperly accumulated earnings tax of 10% will be repealed.

The RCIT and MCIT applied in the preparation of the Group's consolidated financial statements as at and for the year December 31, 2020 are based on the substantially enacted tax rates existing as of the balance sheet date which are 30% RCIT and 2% MCIT. Should the CREATE bill be subsequently enacted as a law prior to the filing deadline of the 2020 annual income tax return on April 15, 2021 and the retrospective effectivity beginning July 1, 2020 for both RCIT and MCIT are carried in the enacted bill, the excess accrued RCIT and MCIT as of the balance sheet date will be considered as reversal of accrual in 2021.

27. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2020	2019	2018
Net income attributable to equity holders of the Parent	₱ 165,646,806	₱ 1,843,615,322	₱ 808,386,813
Total comprehensive income (loss) attributable to equity holders of the Parent	(24,105,756)	1,741,633,291	857,889,362
Weighted average number of shares	1,241,967,264	1,207,960,035	1,215,525,163
Earnings (Loss) Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	₱ 0.13	₱ 1.53	₱ 0.67
Basic/diluted, for comprehensive income (loss) attributable to equity holders of the Parent	(₱ 0.02)	₱ 1.44	₱ 0.71

The Company does not have potentially dilutive common stock equivalents in 2020, 2019 and 2018.

28. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

All related party transactions exceeding ₱5.0 million in a single transaction or in aggregate transactions within the last twelve (12) months shall be disclosed to and evaluated by the Related Party Transaction Committee for approval by at least majority of the BOD.

All material related party transactions, representing 10% or more of the consolidated total assets of the Group, shall be approved by at least two-thirds (2/3) vote of the BOD, with at least majority of the independent directors voting to approve the material related party transactions. These transactions shall be disclosed with the SEC.

In the normal course of business and in addition to those disclosed in Notes 14 and 31, the Group grants/receives cash advances to/from its associates and affiliates.

Compensation of the Group's key management personnel (in millions):

	2020	2019	2018
Short-term employee benefits (Notes 22 and 23)	₱ 146.4	₱ 116.1	₱ 166.8
Retirement benefits (Notes 22, 23 and 25)	4.4	5.7	6.9
Total	₱ 150.8	₱ 121.8	₱ 173.7

There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

On November 4, 2019, the Company granted a five-year loan amounting to ₱363.5 million to A. Soriano Corporation Retirement Plan (the Retirement Plan) at 5% interest per annum. The loan is secured by the Company's shares of stock held by the Retirement Plan with a fair value of ₱369.6 million and ₱359.2 million as at December 31, 2020 and 2019, respectively. The balance of the loan amounted to ₱307.5 million and ₱349.5 million as at December 31, 2020 and 2019, respectively.

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable, lease liabilities and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields, and
b) maintaining a stable equity portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, price risk of mutual funds, foreign currency risk, copper rod price risk, and operating and regulatory risks. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Treasurer and Corporate Development Officer, and an independent consultant. The Committee meets at least every quarter for the review and evaluation. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk

The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit risk exposures

The table below shows the gross maximum exposure for each class of financial assets before the effects of collateral, credit enhancements and other credit risk mitigation techniques:

		2020		2019
Cash in banks	₱	**1,999,052,241**	₱	1,514,820,487
Cash equivalents		**1,091,867,325**		792,850,744
FVPL investments - bonds		**529,582,177**		793,929,295
FVOCI investments - bonds		**94,137,422**		330,484,513
Advances		**566,755,259**		647,572,036
		4,281,394,424		4,079,657,075
Receivables:				
Trade		**1,834,935,681**		1,782,362,910
Notes receivable		**307,499,741**		588,404,741
Receivable from villa owners		**42,023,200**		17,341,766
Interest receivable		**26,191,265**		24,518,133
Dividend receivable		**21,422,305**		–
Advances to employees		**11,649,349**		12,533,168
Others		**30,723,619**		17,071,649
		2,274,445,160		2,442,232,367
	₱	**6,555,839,584**	₱	6,521,889,442

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

		Days Past Due But Not Impaired					
December 31, 2020	**Current**	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**More than 120 days**	**Total**
Expected credit loss rate	**0%-0.01%**	**0%-2.9%**	**0%-7.12%**	**0%-14.39%**	**0%-9.00%**	**0%-82.88%**	
Estimated total gross carrying amount at default	**₱ 1,009,364,877**	**₱ 423,482,894**	**₱ 130,759,432**	**₱ 35,983,385**	**₱ 67,311,653**	**₱ 168,033,440**	**₱ 1,834,935,681**
Expected credit loss	**₱ 9,082,737**	**₱ 16,119,934**	**₱ 8,548,094**	**₱ 5,137,721**	**₱ 10,741,952**	**₱ 137,195,101**	**₱ 186,825,539**

December 31, 2019	Current	Days Past Due But Not Impaired: Less than 30 days	31 to 60 days	61 to 90 days	61 to 120 days	More than 120 days	Total
Expected credit loss rate	0%-0.90%	0%-3.03%	0%-7.15%	0%-14.46%	0%-27.11%	0%-56.49%	
Estimated total gross carrying amount at default	₱ 1,092,381,017	₱ 346,870,324	₱ 116,292,945	₱ 63,710,057	₱ 61,779,281	₱ 101,329,286	₱ 1,782,362,910
Expected credit loss	₱ 9,629,208	₱ 10,515,683	₱ 8,313,714	₱ 9,212,078	₱ 16,749,058	₱ 57,240,180	₱ 111,659,921

Other financial assets

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments.

The tables below present the summary of the Group's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

2020	12-month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
Cash in banks	₱ 1,999,052,241	₱ –	₱ –	₱ 1,999,052,241
Cash equivalents	1,091,867,325	–	–	1,091,867,325
FVOCI investments	94,137,422	–	–	94,137,422
Receivables:				
Notes receivable	307,499,741	–	–	307,499,741
Receivable from villa owners	42,023,200	–	–	42,023,200
Interest receivable	25,600,170	–	591,095	26,191,265
Dividends receivable	21,422,305	–	–	21,422,305
Advances to employees	11,649,349	–	–	11,649,349
Others	29,724,396	–	999,223	30,723,619
Advances	1,955,259	–	564,800,000	566,755,259
	₱ 3,624,931,408	₱ –	₱566,390,318	₱ 4,191,321,726

2019	12-month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
Cash in banks	₱ 1,514,820,487	₱ –	₱ –	₱ 1,514,820,487
Cash equivalents	792,850,744	–	–	792,850,744
FVOCI investments	330,484,513	–	–	330,484,513
Receivables:				
Notes receivable*	588,404,741	–	–	588,404,741
Interest receivable	23,927,038	–	591,095	24,518,133
Receivable from villa owners	17,341,766	–	–	17,341,766
Advances to employees	12,533,168	–	–	12,533,168
Others	15,238,491	–	1,833,158	17,071,649
Advances	82,772,036	–	564,800,000	647,572,036
	₱ 3,378,372,984	₱ –	₱ 567,224,253	₱ 3,945,597,237

**Including noncurrent portion amounting to ₱349.5 million*

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

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. This is done by primarily investing in highly liquid investments.

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted contractual payments as well as the financial assets used for liquidity management.

December 31, 2020	Within 6 Months	6 to 12 Months	Over 1 Year to 5 Years	Over 5 Years	Total
Cash on hand and in banks	₱ 2,000,092,020	₱ –	₱ –	₱ –	₱ 2,000,092,020
Cash equivalents	1,091,867,325	–	–	–	1,091,867,325
FVPL investments - bonds	15,367,360	–	234,142,476	280,072,341	529,582,177
FVOCI investments - bonds	–	–	94,137,422	–	94,137,422
Receivables*	1,778,529,562	–	–	307,499,741	2,086,029,303
	₱ 4,885,856,267	₱ –	₱ 328,279,898	P 587,572,082	₱ 5,801,708,247
Accounts payable and accrued expenses**	₱ 783,976,656	₱ –	₱ –	₱ –	₱ 783,976,656
Lease liabilities	4,674,146	4,790,999	17,668,271	–	27,133,416
Notes payable	23,166,200	–	–	–	23,166,200
Long-term debt	52,548,086	98,880,485	75,714,286	–	227,142,857
Dividends payable	366,069,163	–	–	–	366,069,163
	₱ 1,230,434,251	₱ 103,671,484	₱ 93,382,557	₱ –	₱ 1,427,488,292

* *Excluding non-financial assets amounting to ₱157.5 million. Notes receivable amounting to ₱307.5 million is included.*

** *Excluding non-financial liabilities amounting to ₱73.8 million.*

December 31, 2019	Within 6 Months	6 to 12 Months	Over 1 Year to 5 Years	Over 5 Years	Total
Cash on hand and in banks	₱ 1,516,027,511	₱ –	₱ –	₱ –	₱ 1,516,027, 511
Cash equivalents	792,850,744	–	–	–	792,850,744
FVPL investments - bonds	128,863,357	–	532,866,257	132,199,681	793,929,295
FVOCI investments - bonds	94,535,324	–	235,949,189	–	330,484,513
Receivables*	1,782,362,910	196,285,542	–	349,499,741	2,328,148,193
	₱ 4,314,639,846	₱ 196,285,542	₱ 768,815,446	₱ 481,699,422	₱ 5,761,440,256
Accounts payable and accrued expenses**	₱ 837,059,115	₱ 5,049,461	₱ –	₱ –	₱ 842,108,576
Lease liabilities	6,831,334	6,831,334	30,076,723	–	43,739,391
Long-term debt	143,302,711	132,862,035	227,142,857	–	503,307,603
Dividends payable	283,974,578	–	–	–	283,974,578
	₱ 1,271,167,738	₱ 144,742,830	₱ 257,219,580	₱ –	₱ 1,673,130,148

* *Excluding non-financial assets amounting to ₱144.0 million. Notes receivable amounting to ₱349.5 million is included.*

** *Excluding non-financial liabilities amounting to ₱89.2 million.*

Accounts payable and accrued expenses, dividends payable, lease liabilities, notes payable and current portion of long-term debt are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, foreign currency risk, copper rod price risk and operating and regulatory risk.

Investments exposed to market risk are foreign and local currency-denominated quoted debt instruments, foreign and local-currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

Cash flow 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.

The following table demonstrates management's best estimate of the sensitivity to reasonably possible change in interest rates, with all other variables held constant (in millions):

Floating Debt Instrument	**Change in Interest Rates [in Basis Points (bps)]**	**Effect on Income Before Tax and Equity Increase (Decrease)**
2020	**+150**	**₱0.52**
	-150	**(0.52)**
2019	+150	(₱1.06)
	-150	1.06

The sensitivity analysis shows the effect on the consolidated profit or loss of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets and financial liabilities held as at December 31, 2020 and 2019. There is no other impact on equity other than those affecting profit or loss.

Fair value interest rate risk
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 accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax and equity of the estimated future bond yields using a duration based sensitivity approach. Items affecting profit or loss are bonds classified as FVPL and items affecting equity account are bonds classified as FVOCI. The impact of change in interest rates are as follows (in millions):

2020	Change in Interest Rates (in bps)	Increase (Decrease) Effect on Income Before Tax	Increase (Decrease) Effect on Equity
FVOCI investments	+100	₱ –	(₱ 1.10)
	-100	–	1.14
FVPL investments	+100	(₱ 23.81)	₱ –
	-100	26.04	–

2019	Change in Interest Rates (in bps)	Increase (Decrease) Effect on Income Before Tax	Increase (Decrease) Effect on Equity
FVOCI investments	+100	₱ –	(₱ 5.09)
	-100	–	5.31
FVPL investments	+100	(₱ 14.75)	₱ –
	-100	18.20	–

b. Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the PSE and NASDAQ.

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future return of the stock investments using a Beta-based sensitivity approach. The impact of the change in equity prices are as follows (in millions):

FVPL Investments	Change in PSE Price Index	Effect on Income Before Tax and Equity Increase (Decrease)
2020	+33.14%	₱ 1,165.59
	-33.14%	(1,165.59)
2019	+14.47%	₱ 375.18
	-14.47%	(375.18)

The annual standard deviation of the PSE price index is approximately with 33.14% and 14.47% and with 99% confidence level, the possible change in PSE price index could be +/- 33.14% and +/- 14.47% in 2020 and 2019, respectively.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

The sensitivity analysis demonstrates management's best estimate of the impact of reasonably possible change in NAV, with all other variables held constant.

The table below shows the impact on income before income tax and equity of assumed changes in NAV. A negative amount in the table reflects a potential reduction on income before income tax or equity while a positive amount reflects a potential increase on income before income tax or equity.

The impact of the change in mutual fund prices are as follows (in millions):

Mutual funds	Change in NAV	Effect on Income Before Tax and Equity Increase (Decrease)
2020	**+10.00%**	**₱ 282.54**
	-10.00%	**(282.54)**
2019	+10.00%	₱ 81.10
	-10.00%	(81.10)

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency-denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency -denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Australian dollar and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies.

On borrowings, it is the Company's group-wide policy for its subsidiaries to minimize any foreign exchange risks. Thus, all borrowings, whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI and SSRLI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso on income before tax. It assumes that all other variables remain constant. The impact of the change in currency rates are as follows (in millions):

2020	Change in Currency Rate	Effect on Income Before Tax and Equity Increase (Decrease)
US Dollar	+3.23%	₱ 6.43
	-3.23%	(6.43)
Indonesian Rupiah	+10.31%	(₱ 18.35)
	-10.31%	18.35

2019	Change in Currency Rate	Effect on Income Before Tax and Equity Increase (Decrease)
US Dollar	+5.60%	₱ 6.82
	-5.60%	(6.82)
Indonesian Rupiah	+4.79%	(₱ 8.53)
	-4.79%	8.53

e. Copper rod price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced. Average monthly purchase of copper rods amounted to ₱328.0 million, with an average quantity of about 1,026 metric tons in 2020 and ₱427.1 million, with an average quantity of about 1,284 metric tons in 2019.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market. The following table represents the effect on income before tax and equity of the reasonably possible change in metal prices, as they affect prices of copper rods, with all other variables held constant.

The impact of the change in copper prices are as follows (in millions):

	% Change in Copper Rod Prices	Effect on Income Before Income Tax and Equity Increase (Decrease)
2020	+5.71%	(₱ 29.28)
	-5.71%	29.28
2019	+0.72%	(₱ 3.79)
	-0.72%	3.79

PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the years ended December 31, 2020 and 2019.

30. Financial Instruments

Categorization of Financial Instruments

December 31, 2020	At Amortized Cost	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents	₱ 3,091,959,345	₱ –	₱ –	₱ 3,091,959,345
FVPL investments	–	10,022,872,169	–	10,022,872,169
FVOCI investments	–	–	94,137,422	94,137,422
Receivables*	2,086,029,303	–	–	2,086,029,303
	₱ 5,177,988,648	₱ 10,022,872,169	₱ 94,137,422	₱ 15,294,998,239

**Excluding non-financial assets amounting to ₱157.4 million. Notes receivable amounting to ₱307.5 million is included.*

December 31, 2019	At Amortized Cost	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents	₱ 2,308,878,255	₱ –	₱ –	₱ 2,308,878,255
FVPL investments	–	11,130,248,073	–	11,130,248,073
FVOCI investments	–	–	330,484,513	330,484,513
Receivables*	2,328,148,193	–	–	2,328,148,193
	₱ 4,637,026,448	₱ 11,130,248,073	₱ 330,484,513	₱ 16,097,759,034

**Excluding non-financial assets amounting to ₱144.0 million. Notes receivable amounting to ₱349.5 million is included.*

Fair Values of Financial Assets and Financial Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable, current portion of lease liabilities and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investment in KSA are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

		Fair Value Measurement Using		
December 31, 2020	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	₱ 6,481,857,144	₱ 6,481,857,144	₱ –	₱ –
Funds and equities	1,319,051,909	–	1,319,051,909	–
Unquoted equity shares	1,248,944,824	–	227,235,750	1,021,709,074
Bonds	529,582,177	529,582,177	–	–
Proprietary shares	363,627,073	–	363,627,073	–
Others	79,809,042	79,809,042	–	–
	10,022,872,169	7,091,248,363	1,909,914,732	1,021,709,074
FVOCI investments	94,137,422	94,137,422	–	–
	₱10,117,009,591	₱ 7,185,385,785	₱ 1,909,914,732	₱ 1,021,709,074

December 31, 2019	Total	Fair Value Measurement Using: Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱ 7,616,776,828	₱ 7,616,776,828	₱ –	₱ –
Unquoted equity shares	1,137,142,219	–	115,433,145	1,021,709,074
Funds and equities	1,131,737,165	–	1,131,737,165	–
Bonds	793,929,295	793,929,295	–	–
Proprietary shares	367,437,073	–	367,437,073	–
Others	83,225,493	83,225,493	–	–
	11,130,248,073	8,493,931,616	1,614,607,383	1,021,709,074
FVOCI investments	330,484,513	330,484,513	–	–
	₱ 11,460,732,586	₱ 8,824,416,129	₱ 1,614,607,383	₱ 1,021,709,074

Description of significant unobservable inputs to valuation of investment in KSA classified under Level 3 (amounts in millions):

2020	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	**DCF Model**	**Dividend payout is ₱121.0 million with 3% annual increase at the end of 2nd year**	**0% to 5%**	**0%: fair value of ₱803 5%: fair value of ₱1,260**
		Liquidity discount of 20%	**10% to 30%**	**10%: fair value of ₱1,149 30%: fair value of ₱894**
		Cost of equity of 12.80%	**12.6% to 13.6%**	**12%: fair value of ₱1,041 14%: fair value of ₱948**

2019	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	Dividend payout is ₱120.0 million with 3% annual increase	0% to 5%	0%: fair value of ₱785 5%: fair value of ₱1,278
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30%: fair value of ₱894
		Cost of equity of 12.99%	12% to 14%	12%: fair value of ₱1,030 14%: fair value of ₱940

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value of the investment in KSA (in millions):

As at 1 January 2019	₱	941.6
Unrealized gain in profit or loss (Note 10)		80.1
As at 31 December 2019		1,021.7
Unrealized gain in profit or loss (Note 10)		–
As at 31 December 2020	₱	**1,021.7**

In 2018, Y-mAbs was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the years ended December 31, 2020, 2019 and 2018, there were no transfers other than those mentioned above.

31. Contracts and Agreements

Anscor

a. On November 29, 2019, the Company entered into a lease agreement with ATR Asset Management, Inc., ATRAM Trust Corporation and MET Holdings, Inc. for the lease of its condominium unit commencing on the agreement date until April 30, 2021. The contract was renewed for another five years effective May 1, 2021 and the Company will receive monthly rental payments of ₱1.2 million, which is subject to 5% escalation rate starting May 1, 2022.

   The Company recognized rental income amounting to ₱12.3 million and ₱1.2 million in 2020 and 2019, respectively (see Notes 16 and 24).

Sutton

a. In January 2016, CGI and IQHPC entered into a new Service Agreement where IQHPC will pay CGI the agreed specific rate that corresponds the type of medical staff deployed to a facility. The term of the agreement is valid for a period of 36 months from the commencement date. Fees shall be billed upon deployment and are due within 30 days. Interest shall accrue at the rate of 2% per month on any unpaid balance.

b. In the ordinary course of business, IQHPC enters into Service Agreements with U.S. hospitals and/or staffing agencies to provide services in relation to the placement of qualified Filipino nurses for full time employment in the U.S. The Service Agreement sets forth the rights, responsibilities, terms and conditions governing IQHPC's services, which include among others, training and procedural assistance in obtaining all required licensure examinations, obtaining U.S. permanent residence status and eventual placement of the nurses to the U.S. hospitals and/or agency.

   Service income recognized in 2018 amounted to ₱2.5 million (nil in 2020 and 2019).

c. CGI entered into a non-cancellable operating lease covering certain offices. The lease has terms ranging up to three years, with renewal options and includes annual escalation rates of 5% to 10%. In 2016 and 2017, the lease agreement was renewed for a one-year term.

   Rent expense in 2018 amounted to ₱2.7 million (see Note 22).

d. In 2017, CGI entered into an agreement to sublease a portion of its leased office space to Cirrus Global Services, Inc. for a period of one year commencing August 1, 2017. This was extended until December 31, 2018.

   Rent income from the sublease agreement in 2018 amounted ₱2.6 million (see Note 24).

e. In April 2012, CGI entered into a Service Agreement with Cleveland Clinic Abu Dhabi (CCAD) for CGI to provide nurses for deployment in Abu Dhabi. In consideration of the services provided by CGI, the Service Agreement provides that CCAD shall pay a lump-sum fee of 17% of the first year salary, exclusive of benefits, of each candidate that satisfactorily completes all legal and regulatory requirements to live and work at CCAD.

   Permitted fees are to be invoiced in the following manner:
   - 25% of fee upon signing the contract offer of employment;
   - 50% of fee upon deployment; and
   - 25% of fee upon completion of the probationary 90-day time period at CCAD.

   CGI records deferred revenue equal to a percentage of service fee invoiced to CCAD. Portion of the deferred revenue were already advanced by CCAD and are refundable once the service agreements are not met. Total deferred revenues as at December 31, 2018 amounted to nil.

   Service income recognized in 2018 amounted to ₱12.9 million. Service income recognized in 2018 is for the period ended September 28, 2018 (see Note 8).

<u>IAI</u>

a. On August 23, 2006, IAI entered into a Maintenance Service Plan (MSP) with Honeywell for the latter to service IAI's additional aircraft engine acquired in 2007. Under the terms of the programs, IAI agrees to pay a fee computed at a rate of the engine's actual operating hours or the minimum operating hours, subject to annual escalation. The engine shall be shipped to the United States to undergo repairs and maintenance as necessary by a Honeywell authorized service center. Deposits for the MSP as at December 31, 2020 and 2019 amounted to ₱52.2 million and ₱44.7 million, respectively, and included as part of "Other noncurrent assets" account in the consolidated balance sheets (see Note 17).

b. IAI entered into a lease or concessionaire agreement with Manila International Airport Authority (MIAA) which granted IAI to operate as an aircraft hangar and conduct fixed base operations within the leased premises. The agreement shall be effective for a period of one (1) year commencing on January 1, 2016. After the end of the first year, the lease is automatically renewed until IAI is permitted to stay in Ninoy Aquino International Airport (NAIA) Complex. IAI will continue to operate at NAIA Complex by virtue of the Certificate of Public Convenience and Necessity to operate Domestic Scheduled Air Transportation Services issued on January 31, 2017 and valid from March 1, 2017 up to February 28, 2022.

   On October 15, 2019, MIAA issued a memorandum stating that all general aviation operations be transferred to other alternate airports to ease the traffic congestion at the NAIA Complex. MIAA gave general aviation companies until May 31, 2020 to vacate and turn over the leased premises.

   IAI continues to operate in the leased premises after May 31, 2020 and the lease agreement was converted to a month-to-month basis starting June 1, 2020.

   On January 28, 2021, IAI received a letter from MIAA stating that should IAI desire to renew the agreement, documentary requirements must be submitted on or before February 15, 2021 and that IAI should provide its best lease offer.

At the beginning of February 2021, Federation of Aviation Organization of which IAI is a member, sent a letter proposal to MIAA for the best lease offer price which was agreed by all of its members. The renewal of the lease agreement is still in process as at February 18, 2021.

c. Upon adoption of PFRS 16, the entity recognized ROU assets amounting to ₱10.6 million and recognized amortization expense amounting to ₱3.6 million in 2019. In 2020, the ROU with carrying amount of ₱7.0 million was retired, resulting to net book value of nil as at December 31, 2020.

The carrying amount of lease liabilities as at December 31, 2020 and 2019 follows:

		2020		2019
Beginning balance	₱	7,082,672	₱	10,605,283
Accretion of interest		191,107		201,791
Lease payments		(7,273,779)		(3,724,402)
		–		7,082,672
Less current portion of lease liability		–		4,606,460
Ending balance	₱	–	₱	2,476,212

The lease liability was measured at the present value of the remaining lease payments discounted at its incremental borrowing rates as at January 1, 2019 for the lease with MIAA. The weighted average incremental borrowing rates applied to the lease liabilities on January 1, 2019 was 6.83%.

Shown below is the maturity analysis of lease liabilities as at December 31, 2019 pertaining to contractual undiscounted cash flows:

Within one year	₱	4,797,398
After one year but not more than five years		2,512,695
	₱	7,310,093

SSRLI and PRI

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop and construct the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation of machineries and equipment on PEZA-covered registered activities under the Registration Agreement.

On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations are entitled to 5% gross income tax on revenues generated from foreign clients and regular income tax on non-foreign clients under the Registration Agreement.

On July 1, 2011, PRI took over the resort operations of SSRLI. On the same date, PEZA approved PRI's application for registration as a locator at the Pamalican Island Ecozone Tourism Zone. SSRLI also transferred in the name of PRI all resort operation-related contracts entered into with related parties and third parties, including its long-term loans with a bank, except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is nontransferable.

On October 3, 2012, PRI entered into an operating lease agreement with SSRLI covering all rights and interests in resort-related assets, which include land, land improvements and buildings for a period of 20 years beginning July 1, 2011. Annual lease rental amounted to ₱53.5 million payable within the first five days at the beginning of each quarter.

Effective January 1, 2016, the annual rental fee upon mutual agreement of both parties was reduced to ₱42.8 million.

b. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.9 million (₱255.9 million) cash consideration plus the fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million (see Note 7).

c. Since 1995, the Company charges a monthly fee amounting to US$15,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to PRI.

   Starting January 1, 2018, both parties mutually agreed to a monthly fee amounting to ₱650,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. AHI also charges PRI for a monthly fee of ₱100,000 (eliminated in the consolidated profit on loss), inclusive of VAT.

d. PRI executed in the past an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (AMBV, the Operator of Amanresorts), a company based in Amsterdam, the Netherlands, for a fee of 5% of PRI's gross operating profits, as defined in the OMA. The OMA provides for, among others, the reimbursements by PRI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of the resort and a reserve cash funding equivalent to 3% of gross revenues, which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment.

   On June 24, 2013, both parties have mutually entered into a new OMA, effective on the same date, in which PRI will pay a basic fee amounting to 4% of gross revenue and an incentive fee of 10% based on the gross operating profit collectively known as "Management fee". In addition to the management fees discussed, PRI shall also reimburse AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

   Likewise, a Marketing Service Agreement (MSA) was entered into by PRI with Amanresorts Services Limited (ASL) with marketing fee charges of 3% of PRI's annual gross hotel revenues. On June 24, 2013, both parties mutually entered into a new marketing services agreement of the same terms and conditions except for a lower marketing fee rate of 1% of gross revenue from 3%.

   On June 24, 2011, PRI also executed a Reservation Service Agreement with Hotel Sales Services Ltd. (HSSL), a company established in British Virgin Islands, in which PRI will pay the latter a monthly fee of 6.5% on gross accommodation charges for all realized bookings processed through HSSL's central sales and reservation offices with the exception of bookings made through the Global Distribution System (GDS) in which PRI will pay US$100 per booking. An annual maintenance fee of US$1,000 shall also be paid to HSSL.

   On October 10, 2014, PRI and HSSL executed a new agreement, effective January 1, 2015, with similar terms as the original agreement, except for a higher annual maintenance fee which increased to US$3,000 from US$1,000 and a lower transaction fee for GDS Network bookings for US$100 from US$300.

PRI also obtained from Amanresorts I.P.R.B.V. (AIPRBV), a company incorporated in Amsterdam, the Netherlands, the nonexclusive license to use the Amanresorts Marks in connection with the operation of the Resort for a monthly fee of US$1,000.

The OMA, marketing and license contracts will expire on the thirty first (31st day) of December of the fifth full calendar year following their commencement. Further, AMBV has the option to extend the operating term for a period of five years from the date of its expiration.

On January 18, 2018 and March 9, 2018, the Aman Group notified PRI of the assignment of the OMA, MSA and RSA, among others, to Aman Group S.A.R.L., a company incorporated in Switzerland.

On November 28, 2018, Aman Group issued a Notice of Extension to PRI containing its election and intention to extend the operating term with PRI for a period of five (5) years from the date of expiration, which is on December 31, 2018, under the same terms and conditions as contained in the management agreement.

Total fees related to these agreements amounted to ₱52.8 million, ₱109.7 million and ₱105.5 million in 2020, 2019 and 2018, respectively.

e. PRI entered into an agreement with IAI wherein the latter will provide regular air transport service. IAI shall charge PRI a fixed round trip rate, subject to an annual review by both parties, with a guarantee that all IAI's operating cost will be covered. The agreement has a duration of three (3) years and was executed effective July 1, 2011. The agreement was renewed for another 3 years on February 13, 2015. The duration of the contract may be extended upon such terms and condition as may be mutually agreed by both parties.

   On February 15, 2018, both parties entered into a renewal agreement which shall have a duration of not less than three years unless otherwise pre-terminated. This was subsequently renewed for another 3 years, i.e., until February 2024.

f. PRI entered into a lease agreement with IAI for the guest lounge, purchasing office including storage space and vehicle parking lots. In addition, in 2020, PRI entered into short-term lease agreements with IAI for PRI's disinfecting and rapid testing area, isolation area, staff room and additional vehicle parking slots. Total rent expense relating to these lease agreements amounted to ₱0.24 million in 2020.

g. On July 1, 2011, PRI entered into management agreements with the villa owning companies wherein it shall provide general maintenance and accounting and administrative services for the villas. PRI shall also be responsible for the marketing and promotion of the villas. In return for these services, PRI shall be entitled to 50% of the net villa rental proceeds. PRI shall also receive reimbursements of costs, with 15% handling fees (except for utilities, which are not subject to handling fees), incurred in providing services to the villa guests. PRI's share in the net villa rental proceeds including handling fees amounted to ₱90.9 million, ₱168.7 million and ₱163.4 million in 2020, 2019 and 2018, respectively, and presented as "Services" revenue account in the consolidated statements of comprehensive income.

   As part of the agreement, PRI will also receive a fund which shall be used for future maintenance requirements of the villas. As at December 31, 2020 and 2019, the restricted fund amounted to ₱95.9 million and ₱107.8 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 17).

h. In November 2005, the DENR awarded to SSRLI the use of the foreshore land surrounding the Pamalican Island, where Amanpulo Resort is situated. The award has a duration of 25 years which may be renewed for another full period at the option of SSRLI. Annual rent shall be paid in advance on or before the 16th day of November every year.

i. In 2014, SSRLI entered into a Construction Service Contract (Service Contract) with the PEZA-registered villa owners in which SSRLI shall provide project management general and specific administration and supervision over the preconstruction and construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents 15% of the actual project cost during the villa construction or renovation. In 2018, SSRLI recognized handling fee, included under "Services" revenue account which amounted to ₱0.7 million (nil in 2020 and 2019).

j. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As at December 31, 2020 and 2019, total property development in progress amounted to ₱3.7 million. This is presented as part of "Other noncurrent assets" in the consolidated balance sheets (see Note 17).

PDIPI and Subsidiaries

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive), plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy (eliminated in the consolidated balance sheets) amounted to ₱28.8 million and ₱31.4 million as at December 31, 2020 and 2019, respectively. Management fees (eliminated in the consolidated profit or loss) amounted to ₱85.1 million, ₱99.0 million and ₱77.6 million in 2020, 2019 and 2018, respectively.

b. In 2012, the PDP Energy entered into a contract of lease with a third party for the lease of its office building. The term is for a period of five years and renewable at the option of both parties. Set out below are the carrying amount of right-of-use asset recognized as at December 31, 2020 and 2019, and the movement during the period.

	2020	2019
Cost		
Beginning/Ending balance	₱ 35,792,042	₱ 35,792,042
Accumulated Amortization		
Beginning balance	7,535,167	–
Amortization for the year	7,535,167	7,535,167
Ending balance	15,070,334	7,535,167
Net Book Value	₱ 20,721,708	₱ 28,256,875

Set out below is the carrying amount of lease liability and its movements in 2020 and 2019:

	2020	2019
Beginning balance	₱ 30,291,973	₱ 35,792,042
Accretion of interest	2,520,847	3,085,097
Lease payments	(4,764,508)	(8,585,166)
Rent concession	(3,917,535)	–
	24,130,777	30,291,973
Less current portion of lease liability	4,922,514	5,301,404
Noncurrent portion of lease liability	₱ 19,208,263	₱ 24,990,569

Operating lease commitments- PDP Energy as lessee

The future aggregate minimum lease payments under the said lease are as follows:

	2020	2019
Not later than 1 year	₱ 9,465,145	₱ 8,865,270
More than 1 year but not later than 5 years	17,668,271	27,564,028
	₱ 27,133,416	₱ 36,429,298

Rental expense incurred amounted to ₱7.6 million in 2018.

c. On December 19, 2014, PDIPI entered into a trademark licensing agreement with General Cable Technologies Corporation (GCTC) wherein GCTC will grant a perpetual and exclusive license to PDIPI to use the Phelps Dodge trademark in the manufacture and sale of wires and cables in the Philippines. On the same date, PDP Energy entered into a distributor and representative agreement with General Cable Industries Inc. (GCI) which provides, among others, the exclusive distributor, reseller and representative for the sale of GCI products to customers within the Philippines.

32. Changes in Liabilities Arising from Financing Activities

December 31, 2020	January 1, 2020	Cash Flow for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Foreign Exchange Movement	Accretion of Interest	December 31, 2020
Long-term debt	₱ 503,307,603	₱ –	(₱ 275,719,246)	₱ –	₱ –	(₱ 445,500)	₱ –	₱ 227,142,857
Notes payable	–	28,166,200	(5,000,000)	–	–	–	–	23,166,200
Dividends payable	283,974,578	–	(813,500,482)	937,595,067	(42,000,000)	–	–	366,069,163
Lease liabilities	37,374,645	–	(12,038,287)	–	(3,917,535)	–	2,711,954	24,130,777
Total liabilities from financing activities	₱ 824,656,826	₱28,166,200	(₱1,106,258,015)	₱937,595,067	(₱45,917,535)	(₱ 445,500)	₱ 2,711,954	₱ 640,508,997

December 31, 2019	January 1, 2019	Cash Flow for Availment	Cash Flows for Repayments	Dividend Declaration	Foreign Exchange Movement	Accretion of Interest	December 31, 2019
Notes payable	₱ 250,000,000	₱ –	(₱ 250,000,000)	₱ –	₱ –	₱ –	₱ –
Long-term debt	1,138,087,700	5,124,000	(635,732,071)	–	(4,172,026)	–	503,307,603
Dividends payable	285,828,593	–	(617,229,791)	615,375,776	–	–	283,974,578
Lease liabilities	46,397,325	–	(12,309,568)	–	–	3,286,888	37,374,645
Total liabilities from financing activities	₱1,720,313,618	₱ 5,124,000	(₱1,515,271,430)	P615,375,776	(₱ 4,172,026)	₱ 3,286,888	₱ 824,656,826

December 31, 2018	January 1, 2018	Cash Flows for Availment	Cash flows for Repayments	Dividend Declaration	Foreign Exchange Movement	December 31, 2018
Notes payable	₱ –	₱ 450,000,000	(₱ 200,000,000)	₱ –	₱ –	₱ 250,000,000
Long-term debt	1,718,724,321	–	(640,036,621)	–	59,400,000	1,138,087,700
Dividends payable	252,554,370	–	(575,312,404)	608,586,627	–	285,828,593
Total liabilities from financing activities	₱ 1,971,278,691	₱ 450,000,000	(₱1,415,349,025)	₱ 608,586,627	₱ 59,400,000	₱ 1,673,916,293

33. Other Matters

a. ASAC is a defendant in labor lawsuits and claims. As at December 31, 2019, management has provisions for losses amounting to ₱5.7 million that may be incurred from these lawsuits (see Note 19). In 2020, ASAC reversed the provisions in full as management assessed that the claim is no longer probable due to the prescription of the period from which the complainants may file an independent action to re-open the labor lawsuits. The 10-year prescriptive period ended on April 20, 2020.

b. Some subsidiaries of the Group have claims, commitments, litigations and contingent liabilities that arise in the normal course of their operations which are not reflected in the consolidated financial statements. Management is of the opinion that as at December 31, 2020 and 2019, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

c. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, are not disclosed as they many prejudice the Group's negotiation with third parties.

d. COVID-19 Outbreak

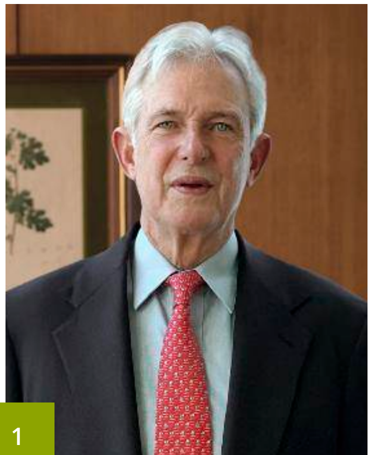
   In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an Enhanced Community Quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. The ECQ shifted to modified enhanced community quarantine (MECQ) until May 31, 2020 and to general community quarantine (GCQ) for NCR and certain provinces until the first part of the third quarter. Subsequently, MECQ was once again imposed on select areas, including Metro Manila and a few other provinces in the Philippines from August 4 to 18, 2020 then back again to GCQ until December 31, 2020.

   The COVID-19 pandemic has caused disruptions in the Group's business activities. As this global problem evolves, the Group will continually adapt and adjust its business model according to the business environment in the areas where the Group operates, in full cooperation with the national and local government units.

34. Subsequent Event

On February 18, 2021, the BOD approved the declaration of cash dividend of ₱0.50 per common share, payable on April 14, 2021 to common stockholders of record as at March 17, 2021.

Board of **Directors**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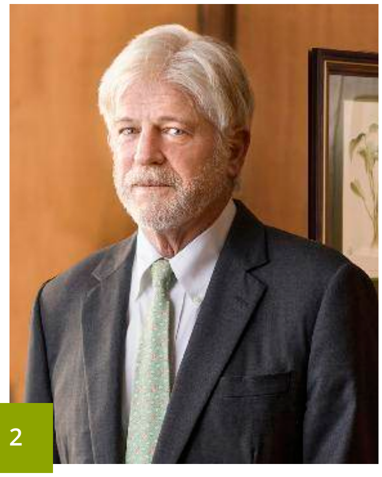
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1 **ANDRES SORIANO III**
Chairman of the Board/
Chief Executive Officer/President

2 **EDUARDO J. SORIANO**
Vice Chairman

3 **ERNEST K. CUYEGKENG**

4 **JOHNSON ROBERT G. GO, JR.**

5 **OSCAR J. HILADO**

6 **JOSE C. IBAZETA**

7 **ALFONSO S. YUCHENGCO IIII**

Officers & Corporate Directory

CORPORATE DIRECTORY

Corporate Social Responsibility Arm
The Andres Soriano Foundation, Inc. (ASF)
Andrews Avenue, Pasay City
(632) 8831-99-41 • (632) 8851-55-07
www.asorianofoundation.org

Address
7th Floor Pacific Star Building,
Makati Ave. cor Gil Puyat Ave. Ext., 1209
Makati City, Philippines

Post Office Box
1304 Makati Central Post Office
1252 Makati City, Philippines

Websites
www.anscor.com.ph
www.sorianogroup.com.ph

Telephone Numbers
(632) 8819-02-51 to 60

Fax Number
(632) 8811-50-68

External Auditors
SyCip Gorres Velayo & Co.

Stock Transfer Agent
Stock Transfer Service, Inc.
34th Floor, Unit D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Legal Counsels
Angara Abello Concepcion Regala & Cruz
Kapunan & Castillo
Picazo Buyco Tan Fider & Santos
Tan Acut Lopez & Pison

** Assigned to AHI*
*** Assigned to ASF*

OFFICERS

ERNEST K. CUYEGKENG
Executive Vice President & Chief Financial Officer

WILLIAM H. OTTIGER
Senior Vice President & Corporate Development Officer/
Treasurer

NARCISA M. VILLAFLOR
Vice President & Comptroller

LORENZO D. LASCO*
Vice President

JOSHUA L. CASTRO
Vice President & Assistant Corporate Secretary

SALOME M. BUHION
Assistant Vice President

MARIA VICTORIA L. CRUZ
Assistant Vice President

LEMIA L. SIMBULAN**
Executive Assistant

LORNA P. KAPUNAN
Corporate Secretary

SUBSIDIARIES

A. Soriano Air Corporation
AFC Agribusiness Corporation
Anscor Consolidated Corporation
Anscor Holdings, Inc. (AHI)
Anscor International, Inc.
Island Aviation, Inc.
Minuet Realty Corporation
Pamalican Resort, Inc.
PD Energy International Corporation
Phelps Dodge International Philippines, Inc.
Phelps Dodge Philippines Energy Products Corporation
Seven Seas Resorts and Leisure, Inc.

AFFILIATES

AGP International Holdings Pte Ltd.
ATRAM Investment Management Partners Corporation
Fremont Holdings, Inc.
KSA Realty Corporation
Navegar LP
Prople Limited
Sierra Madre Philippines I LP
Y-mAbs Therapeutics, Inc.

A. SORIANO CORPORATION

7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Ext.
1209 Makati City, Philippines

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

P W 2

COMPANY NAME

A S O R I A N O C O R P O R A T I O N A N D
S U B S I D I A R I E S

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

7 t h F l o o r , P a c i f i c S t a r B u i l d i n g ,
M a k a t i A v e n u e c o r n e r G i l P u y a t
A v e n u e E x t e n s i o n , M a k a t i C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q (AMENDED)	S E C	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.com.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	Third Wednesday of April	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7TH FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, 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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 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 March 31, 2020

2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216

A. SORIANO CORPORATION

4. Exact name of issuer as specified in its charter

hilippines

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

6. Industry Classification Code: (SEC Use Only)

7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City

7. Address of issuer's principal office Postal Code

8190251

8. Issuer's telephone number, including area code

N/A

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	Common

SEC Form 17Q
June 15, 2020

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: June 11, 2020

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: June 11, 2020

SEC Form17-Q
June 11, 2020

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A. SORIANO CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Thousand Pesos)

	March 31 2020	December 31 2019
ASSETS		
Current Assets		
Cash and cash equivalents	**2,831,292**	2,308,878
Fair value through profit and loss (FVPL) investments	**8,014,059**	11,130,248
Receivables	**1,990,786**	2,122,603
Inventories	**1,228,667**	904,428
Fair value through other comprehensive income (FVOCI) investments - current	**-**	94,535
Prepayments	**53,528**	34,866
Other current assets	**44,054**	27,071
Total Current Assets	**14,162,385**	16,622,628
Noncurrent Assets		
FVOCI investments - net of current portion	**192,006**	235,949
Notes receivables	**349,500**	349,500
Investments and advances	**894,792**	1,078,655
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,546,180**	2,562,464
Investment properties	**526,712**	530,382
Retirement plan asset	**84,471**	84,471
Deferred income tax assets	**87,118**	87,156
Right-of-use assets	**33,798**	35,292
Other noncurrent assets	**208,873**	223,646
Total Noncurrent Assets	**6,225,726**	6,489,792
TOTAL ASSETS	**20,388,111**	23,112,420

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**844,300**	931,320
Current portion of lease liabilities	**8,423**	9,908
Dividends payable	**1,221,570**	283,975
Income tax payable	**267,685**	192,065
Current portion of long-term debt	**187,379**	276,165
Total Current Liabilities	**2,529,358**	1,693,432

(Forward)

	March 31 2020	December 31 2019
Noncurrent Liabilities		
Long-term debt - net of current portion	**189,286**	227,143
Lease liabilities - net of current portion	**27,467**	27,467
Deferred income tax liabilities - net	**443,862**	479,313
Retirement benefits payable	**33,446**	32,252
Other noncurrent liabilities	**148,445**	147,956
Total Noncurrent Liabilities	**842,505**	914,130
Total Liabilities	**3,371,863**	2,607,562
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**295,166**	273,248
Unrealized valuation gains (losses) on FVOCI investments	**(2,186)**	8,740
Remeasurement on retirement benefits	**33,267**	33,267
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**6,971,072**	10,487,853
Cost of shares held by a subsidiary	**(2,369,372)**	(2,369,372)
	16,437,331	19,943,120
Noncontrolling interests	**578,917**	561,738
Total Equity	**17,016,247**	20,504,858
TOTAL LIABILITIES AND EQUITY	**20,388,111**	23,112,420

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In Thousand Pesos Except for Earnings per Share)

	Periods Ended March 31	
	2020	2019
REVENUES		
Sale of goods - net	**1,766,401**	2,139,568
Services	**293,144**	420,349
Dividend income	**113,950**	11,570
Interest income	**22,088**	25,620
	2,195,583	2,597,106
INVESTMENT GAINS (LOSSES)		
Gain on sale of FVOCI investments	**483**	-
Gain (loss) on increase (decrease) in market values of FVPL investments *	**(2,813,997)**	1,308,123
	(2,813,514)	1,308,123
Equity in net earnings (losses) of associates	**(86,575)**	(81,818)
	(704,505)	**3,823,411**
Cost of goods sold	**(1,366,450)**	(1,760,890)
Services rendered	**(94,384)**	(120,582)
Operating expenses	**(342,133)**	(300,913)
Foreign exchange gain	**16,319**	7,496
Interest expense	**(6,817)**	(14,225)
Other charges - net	**(1,433)**	(2,842)
	(1,794,897)	(2,191,956)
INCOME (LOSS) BEFORE INCOME TAX	**(2,499,403)**	1,631,455
PROVISION FOR INCOME TAX		
Current	**93,373**	107,295
Deferred	**(30,769)**	2,039
	62,604	109,334
NET INCOME (LOSS)	**(2,562,007)**	1,522,120

(Forward)

	Periods Ended March 31	
	2020	2019
OTHER COMPREHENSIVE INCOME		
Unrealized valuation gain (loss) on FVOCI investments	**(15,125)**	18,796
Realized gain on sale of FVOCI investments, net of impairment losses	**(483)**	-
Income Tax Effect	**4,683**	(5,639)
Cumulative Translation Adjustment	**21,918**	10,856
OTHER COMPREHENSIVE INCOME	**10,993**	24,013
TOTAL COMPREHENSIVE INCOME (LOSS)	**(2,551,014)**	1,546,133
Net Income (Loss) Attributable to:		
Equity holders of the parent	**(2,579,186)**	1,477,483
Minority interest	**17,179**	44,637
	(2,562,007)	1,522,120
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the parent	**(2,568,193)**	1,501,496
Minority interest	**17,179**	44,637
	(2,551,014)	1,546,133
Earnings Per Share		
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**(2.06)**	1.23
Earnings Per Share		
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**(2.05)**	1.25

*As of June 5, 2020, the loss on decrease in market value of traded shares went down to P1.19 billion.

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent									
						Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2018	2,500,000	1,605,614	(8,129)	39,853	385,513	7,150,000	9,259,614	(2,356,556)	523,526	19,099,435
Comprehensive income	-	-	13,157	-	10,856	-	1,477,483	-	44,637	1,546,133
Cash dividends - net	-	-	-	-	-	-	(302,844)	-	-	(302,844)
Shares repurchased during the year	-	-	-	-	-	-	-	(43,391)	-	(43,391)
Balance at 03/31/2019	2,500,000	1,605,614	5,028	39,853	396,369	7,150,000	10,434,253	(2,399,947)	568,164	20,299,334
Balance at 12/31/2019	2,500,000	1,859,383	8,740	33,267	273,248	7,150,000	10,487,853	(2,369,372)	561,738	20,504,858
Comprehensive income (loss)	-	-	(10,926)	-	21,918	-	(2,579,186)	-	17,179	(2,551,014)
Cash dividends - net	-	-	-	-	-	-	(937,596)	-	-	(937,596)
Balance at 03/31/2020	**2,500,000**	**1,859,383**	**(2,186)**	**33,267**	**295,166**	**7,150,000**	**6,971,072**	**(2,369,372)**	**578,917**	**17,016,247**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**(2,499,403)**	1,631,455
Adjustment for:		
Loss (gain) on decrease (increase) in market values of FVPL investments	**2,813,997**	(1,308,123)
Equity in net losses of associates	**86,575**	81,818
Depreciation and amortization	**69,933**	64,959
Interest expense	**6,817**	14,225
Dividend income	**(113,950)**	(11,570)
Interest income	**(22,088)**	(25,620)
Foreign exchange gain	**(4,623)**	(7,819)
Gain on sale of FVOCI investments	**(483)**	-
Gain on sale of property and equipment	**(101)**	-
Operating income before working capital changes	**336,674**	439,326
Decrease (increase) in:		
FVPL investments	**313,478**	2,841
Receivables	**131,817**	(60,982)
Inventories	**(324,240)**	100,472
Increase (decrease) in:		
Accounts payable and accrued expenses	**(87,020)**	6,381
Retirement benefits payable	**1,194**	1,936
Net cash generated from operations	**371,903**	489,973
Dividend received	**113,950**	11,570
Interest received	**22,088**	25,620
Interest paid	**(6,817)**	(14,225)
Income taxes paid	**(17,752)**	(30,666)
Net cash flows from operating activities	**483,371**	482,273

(Forward)

	Periods Ended March 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of :		
FVOCI investments	**167,557**	-
Property and equipment	**101**	-
Addition to:		
FVOCI investments	**(41,868)**	(96,092)
Investment properties	**-**	95
Property and equipment	**(49,980)**	(59,090)
Decrease (increase) in:		
Prepayments and other assets	**(20,871)**	1,624
Other noncurrent liabilities	**489**	(11,687)
Advances to affiliates	**109,722**	(9,608)
Net cash flows from (used in) investing activities	**165,150**	(174,758)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Notes payable	**-**	(250,000)
Long-term debt	**(126,197)**	(157,588)
Company shares purchased by a subsidiary	**-**	(43,391)
Lease liabilities Increase (decrease) in:	**9**	-
Net cash flows used in financing activities	**(126,188)**	(450,978)
EFFECT OF EXCHANGE RATE CHANGES IN		
CASH AND CASH EQUIVALENTS	**81**	5,076
NET INCREASE (DECREASE) IN CASH	**522,414**	(138,388)
AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,308,878**	2,765,515
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,831,292**	2,627,127

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	March 31 2020	December 31 2019
ASSETS		
Cash and Cash Equivalents	**951,675**	251,441
Fair Value through Profit and Loss (FVPL) Investments	**6,684,833**	9,718,048
Fair value through other comprehensive income (FVOCI) investments	**192,006**	330,485
Receivables - net	**511,101**	753,285
Investments and Advances- net	**7,284,429**	7,285,788
Investment Property	**288,702**	292,372
Property and Equipment - net	**8,775**	9,445
Retirement Plan Asset	**75,804**	75,804
Other Assets	**1,189**	1,210
TOTAL ASSETS	**15,998,514**	18,717,877
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**1,939**	35,684
Dividends Payable	**1,221,570**	283,975
Deferred Income Tax Liabilities - net	**116,153**	149,605
Long-term Debt	**-**	114,296
Total Liabilities	**1,339,663**	583,560
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized Valuation Gains (Loss) on FVOCI investments	**(2,186)**	8,740
Remeasurement on Retirement Benefits	**41,996**	41,996
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**3,379,242**	6,843,782
Total Equity	**14,658,851**	18,134,317
TOTAL LIABILITIES AND EQUITY	**15,998,514**	18,717,877

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos)

	Periods Ended March 31	
	2020	2019
REVENUES		
Dividend income	**1,049,523**	14,570
Management fees	**26,073**	24,422
Interest income	**20,097**	24,206
	1,095,693	63,199
INVESTMENT GAINS (LOSSES)		
Gain on sale of FVOCI investments	**483**	-
Gain (loss) on increase (decrease) in market values of FVPL investments *	**(2,619,253)**	1,095,416
	(2,618,769)	1,095,416
	(1,523,077)	1,158,615
Operating expenses	**(111,968)**	(64,117)
Foreign exchange gain	**14,865**	6,333
Interest expense	**(1,195)**	(6,662)
Others net	**3,064**	4,244
	(95,233)	(60,201)
INCOME (LOSS) BEFORE INCOME TAX	**(1,618,310)**	1,098,414
PROVISION FOR INCOME TAX		
Current	**-**	762
Deferred	**(28,770)**	4,038
	(28,770)	4,800
NET INCOME (LOSS)	**(1,589,540)**	1,093,614
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized valuation gain (loss) on FVOCI investments	**(15,125)**	18,796
Realized gain on sale of FVOCI investments	**(483)**	-
Income tax effect	**4,683**	(5,639)
OTHER COMPREHENSIVE INCOME (LOSS)	**(10,926)**	13,157
TOTAL COMPREHENSIVE INCOME (LOSS)	**(1,600,466)**	1,106,770
Earnings Per Share:		
Net income (loss)	**(0.636)**	0.437
Total comprehensive income (loss)	**(0.640)**	0.443

*As of June 5, 2020, the loss on decrease in market value of traded shares went down to P1.19 billion.

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains (loss) on FVOCI Investments	Remeasurement on Retirement Benefits Gain	Retained Earnings		Total
					Appropriated	Unappropriated	
Balance at 12/31/2018	2,500,000	1,589,800	(8,129)	36,455	7,150,000	5,759,031	17,027,158
Comprehensive income	-	-	13,157	-	-	1,093,614	1,106,770
Cash dividends	-	-	-	-	-	(625,000)	(625,000)
Balance at 03/31/2019	2,500,000	1,589,800	5,028	36,455	7,150,000	6,227,645	17,508,928
Balance at 12/31/2019	2,500,000	1,589,800	8,740	41,996	7,150,000	6,843,782	18,134,317
Comprehensive income	-	-	(10,926)	-	-	(1,589,540)	(1,600,466)
Cash dividends	-	-	-	-	-	(1,875,000)	(1,875,000)
Balance at 03/31/2020	**2,500,000**	**1,589,800**	**(2,186)**	**41,996**	**7,150,000**	**3,379,242**	**14,658,851**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	For the Periods Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before tax	**(1,618,310)**	1,098,414
Adjustment for:		
Loss (gain) on decrease (increase) in market values of FVPL investments	**2,619,253**	(1,095,416)
Depreciation and amortization	**4,376**	1,994
Interest expense	**1,195**	6,662
Dividend income	**(1,049,523)**	(14,570)
Interest income	**(20,097)**	(24,206)
Unrealized foreign exchange gain	**(14,108)**	(11,608)
Gain on sale of FVOCI investments	**(483)**	-
Operating loss before working capital changes	**(77,698)**	(38,731)
Decrease in:		
Receivables	**242,184**	16,524
FVPL investments	**425,248**	37,962
Decrease in accounts payable and accrued expenses	**(33,745)**	(11,112)
Net cash generated operations	**555,989**	4,642
Dividend received	**113,523**	14,570
Interest received	**20,097**	24,206
Interest paid	**(1,195)**	(6,662)
Income tax paid	**-**	(762)
Net cash flows from operating activities	**688,414**	35,995
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of FVOCI investments	**167,557**	-
Additions to:		
FVOCI investments	**(41,868)**	(96,092)
Property and equipment	**(36)**	(94)
Decrease advances to affiliates	**(46)**	(46,024)
Decrease (increase) in other assets	**21**	(384)
Net cash flows from (used in) investing activities	**125,628**	(142,595)

(Forward)

	For the Periods Ended March 31	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt	**(113,850)**	(118,001)
Net cash flows used in financing activities	**(113,850)**	(118,001)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**42**	3,140
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**700,234**	(221,461)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**251,441**	1,193,946
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**951,675**	972,485

Additional Notes to Consolidated Financial Statements

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
03/31/2020							
REVENUE	1,766,401	255,808	717,883	(1,523,077)	1,217,014	(1,921,520)	**(704,505)**
TOTAL COMPREHENSIVE INCOME (LOSS)	209,292	44,428	663,518	(1,600,466)	(683,229)	(1,867,786)	**(2,551,014)**
TOTAL ASSETS	4,912,155	1,761,416	12,162,676	15,998,514	34,834,761	(14,446,650)	**20,388,111**
INVESTMENTS PORTFOLIO *	20,462	92,470	23,112,161	14,449,970	37,675,063	(28,047,494)	**9,627,569**
PROPERTY & EQUIPMENT	630,985	751,602	106,772	8,775	1,498,135	1,048,045	**2,546,180**
TOTAL LIABILITIES	1,099,004	487,053	2,951,815	1,339,663	5,877,535	(2,505,671)	**3,371,863**
DEPRECIATION AND AMORTIZATION	21,651	25,633	11,611	4,376	63,271	6,663	**69,933**

	Before Eliminations						
			Other				
	Wire Manufacturing	Resort Operation	Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
03/31/2019							
REVENUE	2,139,568	363,745	604,893	1,158,615	4,266,821	(443,410)	**3,823,411**
TOTAL COMPREHENSIVE INCOME	198,066	110,262	535,096	1,106,770	1,950,195	(404,062)	**1,546,133**
TOTAL ASSETS	4,347,691	1,747,166	13,094,478	18,724,391	37,913,727	(14,446,589)	**23,467,139**
INVESTMENTS PORTFOLIO *	19,577	77,373	24,185,381	17,246,986	41,529,317	(28,212,183)	**13,317,134**
PROPERTY & EQUIPMENT	624,057	758,769	83,354	14,084	1,480,264	1,074,696	**2,554,961**
TOTAL LIABILITIES	1,087,662	494,135	2,696,797	1,215,463	5,494,056	(2,326,252)	**3,167,805**
DEPRECIATION AND AMORTIZATION	18,471	26,134	11,697	1,994	58,297	6,663	**64,959**

* ***Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at FVPL) and FVOCI investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Thousand Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

The adoption of PFRS 16 has no significant impact on the consolidated financial statements since most of the lease agreements are made within the Group. See Note 31 for the disclosures of the Group's lease arrangements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately;
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities;
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and,
  - How an entity considers changes in facts and circumstances.

  The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

  The Group applies significant judgment in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined that it is probable that its tax treatments will be accepted by the taxation authorities. The adoption of the Interpretation did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and,

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the year.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

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

Annual Improvements to PFRSs 2015-2017 Cycle

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2020

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

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

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

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

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at March 31, 2020 and December 31, 2019:

		Percentage of Ownership	
	Nature of Business	**2020**	2019
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Manpower Services	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62
Summerside Corp.	Investment Holdings	**40**	40

Except for AI and its subsidiaries, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained

- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

Current Versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled 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 tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these are such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

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

The following are the Group's associates:

	Nature of Business	Percentage of Ownership 2020	2019
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
AG&P International Holdings, Pte Ltd (AGP-SG)*	Holding	**21**	-
AGP Group Holdings Pte Ltd. (formerly AGP International Holdings Ltd.) *	Holding	**-**	27
Fremont Holdings, Inc. (FHI)	Real Estate	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp. (AIMP)	Asset Management	**20**	20

** Its associate is engaged in modular steel fabrication and LNG.*

The principal business location of AIMP, VHI and FHI is the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in the BVI, Singapore, USA and Hong Kong, respectively.

<u>Business Combinations and Goodwill</u>
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Disposal Group and Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary 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. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVOCI equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVOCI financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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.

<u>Financial Instruments</u>
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.

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

Initial recognition and measurement of financial instruments
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments
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 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. 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.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of March 31, 2020 and December 31, 2019, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also 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 FVPL, 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 FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL
The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at March 31, 2020 and December 31, 2019, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at March 31, 2020 and December 31, 2019.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at March 31, 2020 and December 31, 2019, the Group's FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at March 31, 2020 and December 31, 2019, included in this category are the Group's notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- 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.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

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.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 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.

"Day 1" Difference

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

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

<u>Revenue from Contracts with Customers</u>
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods
Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate
Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services
Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with 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 and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of 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, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. 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, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

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

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Borrowing Costs</u>
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

<u>Pension Benefits</u>
The Group has a non-contributory defined benefit retirement plan.

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

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

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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 any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the

expected future cash flows at a pre-tax rate that reflects current market assessments 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 an interest expense.

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

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value-added Tax (VAT)
Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of March 31, 2020 and December 31, 2019.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period

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

Segment Reporting

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on 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 definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at March 31, 2020 and December 31, 2019, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Assessment of control over the entities for consolidation

The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

Estimates and Assumptions

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

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Valuation of unquoted FVPL equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

Impairment of FVOCI debt investments
For FVOCI debt investments, 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 instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

Impairment of non-financial assets

(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset 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.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

Recognition of deferred income tax assets

The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk

The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; realizability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

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. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

Cash flow 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
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 accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. 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 stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended March 31, 2020.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at March 31, 2020:

		Fair value measurement using		
	Total	**Quoted prices in active Markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱4,494,075**	**₱4,494,075**	**₱–**	**₱–**
Unquoted equity shares	**1,237,442**	**1,237,442**	**215,733**	**1,021,709**
Funds and equities	**1,186,585**	**1,186,525**	**–**	**60**
Bonds and convertible note	**645,451**	**645,451**	**–**	**–**
Proprietary shares	**367,437**	**367,437**	**–**	**–**
Others	**83,069**	**83,069**	**–**	**–**
	8,014,059	**6,776,557**	**215,733**	**1,021,769**
FVOCI investments:				
Bonds and convertible note	**192,006**	**192,006**	**–**	**–**
	192,006	**192,006**	**–**	**–**
	₱8,206,065	**₱6,968,563**	**₱215,733**	**₱1,021,769**

As of December 31, 2019

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱7,616,777	₱7,616,777	₱–	₱–
Unquoted equity shares	1,137,142	–	115,433	1,021,709
Funds and equities	1,131,737	1,131,677	–	60
Bonds and convertible note	793,929	793,929	–	–
Proprietary shares	367,437	367,437	–	–
Others	83,226	83,226	–	–
	11,130,248	9,993,046	115,433	1,021,769
FVOCI investments	330,485	330,485	–	–
	₱11,460,733	₱10,323,531	₱115,433	₱1,021,769

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2020 and 2019

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is 120.0 million with 3% annual increase	0% to 5%	0% fair value of ₱785 5% fair value of ₱1,278
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30% fair value of ₱824
		Cost of equity of 12.99%	12% to 14%	12%: fair value of ₱1,030 14% fair value of ₱940

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2019	₱941.7
Unrealized gain in profit or loss	80.1
As at 31 December 2019	1,021.8
Unrealized gain in profit or loss	–
As at 31 March 2020	**₱1,021.8**

In 2018, Y-mAbs was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the period ended March 31, 2020 and December 31, 2019, there were no transfers other than mentioned above from Level 1, Level 2 and Level 3 fair value measurements.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of March 31, 2020 versus December 31, 2019 except for the decline in value of FVPL and FVOCI investments.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash generated from operating activities partially offset by cash used in investing and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the P2.8 million decrease in market value of local traded shares and foreign denominated investment in bonds, stocks and funds. Net disposal for the period amounted to P313.5 million and unrealized foreign exchange gain related to foreign denominated investments amounts to P11.3 million.

Receivables

The decrease was mainly attributable to the collection of receivables from customers of the wire manufacturing subsidiary.

Inventories

The increase was due to higher level of finished goods and raw materials inventories of the wire manufacturing subsidiary and higher spare parts and supplies of the aviation subsidiary.

Fair value through other comprehensive income (FVOCI) investments - current & noncurrent

Net decrease in this account amounted to P138.5 million. The decrease can be attributed to net disposal of investments amounting to P125.7 million and the decline in the market value of investments of about P15.1 million offset by unrealized foreign exchange gain of P2.3 million for three months of 2020.

Prepayments and other current assets

Increase in this account can be attributed mainly to prepaid expenses related to manufacturing and resort operations.

Investments and Advances

The decrease in investments and advances was mainly due to collection of advances from the associates amounting to P109.7 million offset by the unrealized foreign exchange gain related to foreign equity investment of P12.4 million. Share in the equity loss of the associates amounted to P86.6 million.

Property and Equipment - net
Decrease can be traced to depreciation amounting to P66.3 million offset by acquisition of property and equipment of P50.0 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Other Noncurrent Assets
Change in the account balance can be attributed to the decrease in fund for villa operation which was used for maintenance and capex requirements.

Accounts Payable and Accrued Expenses
The decrease was mainly attributable to the payment of liabilities to the suppliers of the resort and wire manufacturing subsidiaries.

Dividends Payable
On March 16, 2020, the Parent Company approved the declaration of cash dividends of P0.75 per share to shareholders, which was paid on April 27, 2020.

Income Tax Payable
Movement in the account was attributable to tax provision of the resort and wire manufacturing subsidiaries for three months of 2020, partially offset by income taxes paid during the period by the Group.

Long-term Debt (current and noncurrent)
The decrease in the account can be attributed to P473.1 million loan paid by the Parent Company and PDP and the decrease in value of the foreign denominated loans of the Parent Company when translated to the exchange rate as of March 31, 2020.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. Due to depreciated value of Philippine peso vis-à-vis US$, CTA balance increased by P21.9 million.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments (bonds), from January 1 to March 31, 2020.

Others
There were no commitments for major capital expenditures in 2020.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended March 31	
	2020	*2019*
Revenues (excluding investment gains or losses)	**1,095,693**	63,199
Investment Gains (Losses)	**(2,618,769)**	1,095,416
Total Comprehensive Income (Loss)	**(1,600,466)**	1,106,770
Earnings Per Share		
Net Income (Loss)	**(0.636)**	0.437
Total Comprehensive Income (Loss)	**(0.640)**	0.443
Market Price Per Share (PSE)	**6.360**	6.500

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
Last year's consolidated gross revenues of P3.8 billion was reversed to a loss of P704.5 million this year due to decrease in market value of FVPL investments of P2.8 million vs a gain of P1.3 billion in 2019. Also, the resort and wire manufacturing operations reported a decline in revenues due to enhanced community quarantine from March 17-31, 2020 due to COVID-19 pandemic.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to decline in sale of the wire manufacturing subsidiary.

Cost of Services Rendered
Decrease in cost of services rendered was mainly due to lower cost of services of the resort operation due to lower occupancy rate this year versus last year revenues.

Operating Expenses

The Group reported increased operating expenses for three months of 2020 mainly due to increase in overhead of the Parent Company.

Foreign Exchange Gain

Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported foreign exchange gain on its foreign currency denominated investments in financial assets.

Interest Expense

Interest expense amount in 2020 was lower than 2019 due to payment of long-term loan by the parent company and PDP.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer’s continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscor Consolidated Corporation (Anscorcon) which todate owns 1,249,872,246 shares of Anscor. No addition in three months of 2020.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended March 31	
	2020	2019
Volume sold (MT)	**3,576**	4,189
Revenue	**1,766,401**	2,139,568
Net Income	**209,292**	198,066

PDP Energy's revenue slightly decreased in 2020 as against 2019's revenues.

PDP recorded a net income of P209.3 million for three months of 2020 slightly, higher than the P198.1 million profit recorded last year due to lower manufacturing cost.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 16.9 % for three months of 2020, lower than the 2019 average occupancy rate of 61.9%. Average room rate was P60,785 a decrease from last year's average room rate of P77,332. Total hotel revenues amounted to P255.8 million, a decline from last year's revenues of P363.7 million.

Seven Seas reported a consolidated net income of P44.4 million for three months of 2020, lower than its consolidated net income of P110.3 million in 2019.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			03/31/2020			03/31/2019		
i	Current Ratio	Total Current Assets / Total Current Liabilities	**14,162,385** / **2,529,358**	5.60	: 1	**16,820,724** / **2,216,765**	7.59	: 1
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets / Total Current Liabilities	**12,836,137** / **2,529,358**	5.07	: 1	**15,826,892** / **2,529,358**	6.26	: 1
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization / Total Liabilities	**(2,509,252)** / **3,371,863**	(74.42%)		**1,542,443** / **3,167,805**	48.69%	
iv	Debt-to-Equity Ratio	Total Liabilities / Equity Attributable to Equity Holders of the Parent	**3,371,863** / **16,437,331**	3.37	: 16.44	**3,167,805** / **19,731,171**	3.17	: 19.73
v	Asset-to-Equity Ratio	Total Assets / Equity Attributable to Equity Holders of the Parent	**20,388,111** / **16,437,331**	1.24		**23,467,139** / **19,731,171**	1.19	
vi	Interest Rate Coveage Ratio	EBIT (earnings before interest and taxes / Interest Expense	**(2,492,586)** / **6,817**	(365.64)		**1,645,680** / **14,225**	115.69	
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent / Equity Attributable to Equity Holders of the Parent	**(2,579,186)** / **16,437,331**	(15.69%)		**1,477,483** / **19,731,171**	7.49%	

			03/31/2020		03/31/2019	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**(2,579,186)**	(12.65%)	**1,477,483**	6.30%
		Total Assets	**20,388,111**		**23,467,139**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**(2,579,186)**	366.10%	**1,477,483**	38.64%
		Total Revenues	**(704,505)**		**3,823,411**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**16,437,331**	13.15	**19,731,171**	16.37
		Outstanding Nnumber of Shares	**1,250,128**		**1,205,253**	

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	03/31/2020	03/31/2019
1. Volume	**3,576**	4,189
2. Revenue	**1,766,401**	2,139,568
3. Net income	**209,292**	198,066

Seven Seas Group

In Thousand Pesos

	03/31/2020	03/31/2019
1. Occupancy rate	**16.9%**	61.9%
2. Hotel revenue	**255,808**	363,745
3. Gross operating profit (GOP)	**108,690**	200,467
4. GOP ratio	**42.5%**	55.1%
5. Net income	**44,428**	110,262

Occupancy rate is based on actual room nights sold over available room nights on a 3-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

P W 2

COMPANY NAME

A SORIANO CORPORATION AND SUBSIDIARIES

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

Form Type		Department requiring the report	Secondary License Type, If Applicable
17-Q	(AMENDED)	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.com.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	Third Wednesday of April	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7TH FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, 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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 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 June 30, 2020

2. Commission identification number: PW-2   3. BIR Tax Identification No. 000-103-216

   A. SORIANO CORPORATION
4. Exact name of issuer as specified in its charter

   hilippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

   7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office   Postal Code

   8190251
8. Issuer's telephone number, including area code

   N/A
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

………

………

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange   Common

12. Indicate by check mark whether the registrant:

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

Yes [x]   No   [   ]

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

Yes   [   ]   No.   [x]

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: August 14, 2020

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: August 14, 2020

SEC Form17-Q
August 14, 2020

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A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousand Pesos)

	June 30 2020	December 31 2019
ASSETS		
Current Assets		
Cash and cash equivalents	**2,568,804**	2,308,878
Fair value through profit and loss (FVPL) investments	**9,264,290**	11,130,248
Receivables	**1,675,663**	2,122,603
Inventories	**1,032,064**	904,428
Fair value through other comprehensive income (FVOCI) investments - current	**15,067**	94,535
Prepayments	**37,621**	34,866
Other current assets	**12,530**	27,071
Total Current Assets	**14,606,039**	16,622,628
Noncurrent Assets		
FVOCI investments - net of current portion	**109,391**	235,949
Notes receivables	**307,500**	349,500
Investments and advances	**777,579**	1,078,655
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,514,681**	2,562,464
Investment properties	**523,042**	530,382
Retirement plan asset	**84,471**	84,471
Deferred tax assets	**87,118**	87,156
Right of use assets	**29,783**	35,292
Other noncurrent assets	**228,038**	223,646
Total Noncurrent Assets	**5,963,879**	6,489,792
TOTAL ASSETS	**20,569,918**	23,112,420

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**607,956**	931,320
Dividends payable	**371,618**	283,975
Income tax payable	**85,447**	192,065
Current portion of lease liability	**3,287**	9,908
Current portion of long-term debt	**174,595**	276,165
Total Current Liabilities	**1,242,904**	1,693,432

(Forward)

	June 30 2020	December 31 2019
Noncurrent Liabilities		
Long-term debt - net of current portion	**151,429**	227,143
Lease liability - net of current portion	**27,467**	27,467
Deferred income tax liabilities - net	**464,989**	479,313
Retirement benefits payable	**34,640**	32,252
Other noncurrent liabilities	**148,894**	147,956
Total Noncurrent Liabilities	**827,418**	914,130
Total Liabilities	**2,070,322**	2,607,562
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**221,021**	273,248
Unrealized valuation gains on FVOCI investments	**3,282**	8,740
Remeasurement on retirement benefits	**33,267**	33,267
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**8,553,191**	10,487,853
Cost of shares held by a subsidiary	**(2,369,372)**	(2,369,372)
	17,950,772	19,943,120
Noncontrolling interests	**548,824**	561,738
Total Equity	**18,499,596**	20,504,858
TOTAL LIABILITIES AND EQUITY	**20,569,918**	23,112,420

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2020	2019	**2020**	2019
REVENUES				
Sale of goods - net	**2,537,474**	3,914,022	**771,074**	1,774,454
Services	**306,125**	747,753	**12,981**	327,404
Dividend income	**222,096**	229,011	**108,146**	217,441
Interest income	**38,508**	53,545	**16,420**	27,925
	3,104,204	4,944,331	**908,621**	2,347,224
INVESTMENT GAINS (LOSSES)				
Gain on sale of FVOCI investments	**861**	380	**377**	380
Gain (loss) on increase (decrease) in market values of FVPL investments	**(1,168,008)**	1,420,741	**1,645,989**	112,618
	(1,167,147)	1,421,121	**1,646,366**	112,998
Equity in net losses of associates - net of allowances	**(171,737)**	(198,961)	**(85,162)**	(117,143)
	1,765,320	**6,166,491**	**2,469,825**	2,343,080
Cost of goods sold	**(1,997,986)**	(3,194,841)	**(631,536)**	(1,433,951)
Services rendered	**(118,948)**	(221,700)	**(24,564)**	(101,118)
Operating expenses	**(511,107)**	(554,646)	**(168,974)**	(253,733)
Foreign exchange loss	**(30,078)**	(50,646)	**(46,397)**	(58,142)
Interest expense	**(11,987)**	(25,630)	**(5,170)**	(11,405)
Other income (expense) - net	**(825)**	82,695	**607**	85,537
	(2,670,931)	(3,964,767)	**(876,034)**	(1,772,811)
INCOME (LOSS) BEFORE INCOME TAX	**(905,612)**	2,201,724	**1,593,791**	570,269
PROVISION FOR INCOME TAX				
Current	**115,930**	197,042	**22,557**	89,747
Deferred	**(11,561)**	(7,679)	**19,207**	(9,718)
	104,369	189,363	**41,765**	80,029
NET INCOME (LOSS)	**(1,009,980)**	2,012,361	**1,552,026**	490,240

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2020	2019	**2020**	2019
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**(6,936)**	27,343	**8,189**	8,548
Realized gain on sale of FVOCI investments, net of impairment losses	**(861)**	(380)	**(377)**	(380)
Income Tax Effect	**2,339**	(8,089)	**(2,343)**	(2,450)
Cumulative Translation Adjustment	**(52,227)**	(66,941)	**(74,146)**	(77,797)
OTHER COMPREHENSIVE LOSS	**(57,685)**	(48,066)	**(68,678)**	(72,079)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(1,067,666)**	1,964,294	**1,483,348**	418,161

Net Income (Loss) Attributable to:				
Equity holders of the parent	**(997,067)**	1,944,098	**1,582,119**	466,614
Minority interest	**(12,913)**	68,263	**(30,092)**	23,626
	(1,009,980)	2,012,361	**1,552,026**	490,240
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent	**(1,054,752)**	1,896,031	**1,513,441**	394,535
Minority interest	**(12,913)**	68,263	**(30,092)**	23,626
	(1,067,666)	1,964,294	**1,483,348**	418,161

Earnings Per Share				
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**(0.80)**	1.62	**1.27**	0.39
Earnings Per Share				
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**(0.84)**	1.58	**1.21**	0.33

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent									
						Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2018	2,500,000	1,605,614	(8,129)	39,853	385,513	7,150,000	9,259,614	(2,356,556)	523,526	19,099,435
Comprehensive income	-	-	18,874	-	(66,941)	-	1,944,098	-	68,263	1,964,294
Cash dividends - net	-	-	-	-	-	-	(302,844)	-	-	(302,844)
Shares repurchased during the year	-	-	-	-	-	-	-	(101,457)	-	(101,457)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	(56,550)	(56,550)
Balance at 06/30/2019	2,500,000	1,605,614	10,746	39,853	318,572	7,150,000	10,900,868	(2,458,013)	535,239	20,602,879
Balance at 12/31/2019	2,500,000	1,859,383	8,740	33,267	273,248	7,150,000	10,487,853	(2,369,372)	561,738	20,504,858
Comprehensive income (loss)	-	-	(5,458)	-	(52,227)	-	(997,067)	-	(12,913)	(1,067,666)
Cash dividends - net	-	-	-	-	-	-	(937,596)	-	-	(937,596)
Balance at 06/30/2020	**2,500,000**	**1,859,383**	**3,282**	**33,267**	**221,021**	**7,150,000**	**8,553,191**	**(2,369,372)**	**548,824**	**18,499,596**

A. SORIANO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2020	2019	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	**(905,612)**	2,201,724	**1,593,791**	570,269
Adjustment for:				
Loss (gain) on decrease (increase) In market values of FVPL investments	**1,168,008**	(1,420,741)	**(1,645,989)**	(112,618)
Equity in net losses of associates	**171,737**	198,961	**85,162**	117,143
Depreciation and amortization	**138,301**	126,858	**68,367**	61,899
Interest expense	**11,987**	25,630	**5,170**	11,405
Dividend income	**(222,096)**	(229,011)	**(108,146)**	(217,441)
Interest income	**(38,508)**	(53,545)	**(16,420)**	(27,925)
Foreign exchange loss (gain)	**(5,525)**	24,716	**(902)**	32,534
Gain on sale of FVOCI investments	**(861)**	(380)	**(377)**	(380)
Gain on sale of property and equipment	**(101)**	-	**-**	-
Operating income (loss) before working capital changes	**317,330**	874,211	**(19,344)**	434,885
Decrease (increase) in:				
FVPL investments	**673,577**	412,085	**360,099**	409,245
Receivables	**446,940**	210,278	**315,123**	271,260
Inventories	**(127,636)**	(25,947)	**196,604**	(126,419)
Increase (decrease) in:				
Accounts payable and accrued expenses	**(323,364)**	(123,093)	**(236,344)**	(129,474)
Retirement benefits payable	**2,388**	1,430	**1,194**	(506)
Net cash generated from operations	**989,234**	1,348,965	**617,331**	858,992
Dividend received	**222,096**	229,011	**108,146**	217,441
Interest received	**38,508**	53,545	**16,420**	27,925
Interest paid	**(11,987)**	(25,630)	**(5,170)**	(11,405)
Income taxes paid	**(222,547)**	(181,994)	**(204,795)**	(151,328)
Net cash flows from operating activities	**1,015,303**	1,423,897	**531,932**	941,625

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2020	2019	**2020**	2019
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**243,675**	51,979	**76,118**	51,979
Property and equipment	**101**	-	**-**	-
Addition to:				
FVOCI investments	**(45,476)**	(122,460)	**(3,608)**	(26,368)
Long-term investments	**-**	(10,204)	**-**	(10,204)
Investment properties	**-**	95	**-**	-
Property and equipment	**(83,179)**	(95,542)	**(33,199)**	(36,452)
Decrease (increase) in:				
Prepayments and other assets	**7,394**	(7,937)	**28,265**	(9,560)
Other noncurrent liabilities	**938**	(10,973)	**449**	714
Advances to affiliates	**105,507**	(1,552)	**(4,215)**	8,055
Net cash flows from (used in) investing activities	**228,959**	(196,593)	**63,810**	(21,835)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Notes payable	**-**	(250,000)	**-**	-
Long-term debt	**(176,839)**	(315,393)	**(50,642)**	(157,805)
Cash dividends	**(807,952)**	(304,698)	**(807,952)**	(304,698)
Company shares purchased by a subsidiary	**-**	(101,457)	**-**	(58,066)
Increase (decrease) in:				
Lease liabilities	**(1,112)**	**-**	**(1,121)**	-
Deferred revenue	**-**	-	**-**	-
Minority interest	**-**	(56,550)	**-**	(56,550)
Net cash flows used in financing activities	**(985,903)**	(1,028,097)	**(859,714)**	(577,119)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**1,566**	(6,019)	**1,485**	(11,095)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**259,926**	193,188	**(262,488)**	331,575
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,308,878**	2,765,515	**2,831,292**	2,627,127
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,568,804**	2,958,703	**2,568,804**	2,958,703

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	June 30 2020	December 31 2019
ASSETS		
Cash and Cash Equivalents	**506,519**	251,441
Fair Value through Profit and Loss (FVPL) Investments	**7,585,528**	9,718,048
Fair value through other comprehensive Income (FVOCI) investments	**124,458**	330,485
Receivables - net	**485,887**	753,285
Investments and Advances- net	**7,413,068**	7,285,788
Investment Property	**285,032**	292,372
Property and Equipment - net	**7,797**	9,445
Retirement Plan Asset	**75,804**	75,804
Other Assets	**1,570**	1,210
TOTAL ASSETS	**16,485,661**	18,717,877

LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**11,205**	35,684
Dividends Payable	**371,618**	283,975
Long-term Debt	**-**	114,296
Deferred Income Tax Liabilities - net	**139,279**	149,605
Total Liabilities	**522,102**	583,560
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized valuation gains on FVOCI investments	**3,282**	8,740
Remeasurement on Retirement Benefits	**41,996**	41,996
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**4,678,482**	6,843,782
Total Equity	**15,963,559**	18,134,317
TOTAL LIABILITIES AND EQUITY	**16,485,661**	18,717,877

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2020	2019	**2020**	2019
REVENUES				
Dividend income	**1,404,343**	575,461	**354,821**	560,891
Management fees	**33,574**	46,224	**7,501**	21,802
Interest income	**32,211**	48,884	**12,114**	24,677
	1,470,128	670,569	**374,436**	607,370
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**(1,593,578)**	1,354,442	**1,025,675**	259,026
Gain on sale of FVOCI investments	**861**	380	**377**	380
	(1,592,717))	1,354,822	**1,026,052**	259,406
	(122,589)	2,025,391	**1,400,488**	866,776
Operating expenses	**(151,688)**	(95,744)	**(39,720)**	(31,628)
Foreign exchange loss	**(29,866)**	(48,373)	**(44,731)**	(54,706)
Interest expense	**(1,311)**	(11,997)	**(116)**	(5,335)
Others net	**7,315**	5,526	**4,251**	1,282
	(175,549)	(150,588)	**(80,316)**	(90,387)
INCOME (LOSS) BEFORE INCOME TAX	**(298,138)**	1,874,803	**1,320,172**	776,389
PROVISION FOR INCOME TAX				
Current	**149**	1,854	**149**	1,092
Deferred	**(7,987)**	(3,681)	**20,783**	(7,719)
	(7,838)	(1,827)	**20,932**	(6,627)
NET INCOME (LOSS)	**(290,300)**	1,876,630	**1,299,240**	783,016
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**(6,936)**	27,343	**8,189**	8,548
Realized gain on sale of FVOCI investments	**(861)**	(380)	**(377)**	(380)
Income tax effect	**2,339**	(8,089)	**(2,343)**	(2,450)
OTHER COMPREHENSIVE INCOME (LOSS)	**(5,458)**	18,874	**5,468**	5,717
TOTAL COMPREHENSIVE INCOME (LOSS)	**(295,758)**	1,895,504	**1,304,708**	788,733
Earnings Per Share:				
Net income (loss)	**(0.116)**	0.751	**0.520**	0.313
Total comprehensive income (loss)	**(0.118)**	0.758	**0.522**	0.315

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains (loss) on FVOCI Investments	Remeasurement on Retirement Benefits Gain	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total
Balance at 12/31/2018	2,500,000	1,589,800	(8,129)	36,455	7,150,000	5,759,031	17,027,158
Comprehensive income	-	-	18,874	-	-	1,876,630	1,895,504
Cash dividends	-	-	-	-	-	(625,000)	(625,000)
Balance at 06/30/2019	2,500,000	1,589,800	10,746	36,455	7,150,000	7,010,661	18,297,661
Balance at 12/31/2019	2,500,000	1,589,800	8,740	41,996	7,150,000	6,843,782	18,134,317
Comprehensive income	0	0	(5,458)	(0)	0	(290,300)	(295,758)
Cash dividends	0	0	0	0	0	(1,875,000)	(1,875,000)
Balance at 06/30/2020	**2,500,000**	**1,589,800**	**3,282**	**41,996**	**7,150,000**	**4,678,482**	**15,963,559**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Periods Ended June 30		Quarters Ended June 30	
	2020	2019	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax	**(298,138)**	1,874,803	**1,320,172**	776,389
Adjustment for:				
Loss (gain) on decrease (increase) in market values of FVPL investments	**1,593,578**	(1,354,442)	**(1,025,675)**	(259,026)
Unrealized foreign exchange loss	**22,869**	48,903	**36,978**	60,511
Depreciation and amortization	**9,030**	3,990	**4,654**	1,996
Interest expense	**1,311**	11,997	**116**	5,335
Interest income	**(32,211)**	(48,884)	**(12,114)**	(24,677)
Gain on sale of FVOCI investments	**(861)**	(380)	**(377)**	(380)
Operating loss before working capital changes	**(108,766)**	(39,473)	**(31,068)**	(742)
Decrease (increase) in:				
Receivables	**225,399**	9,991	**(16,786)**	(6,532)
FVPL investments	**514,569**	499,456	**89,322**	461,494
Increase (decrease) in accounts payable and accrued expenses	**(24,480)**	(3,431)	**9,265**	7,681
Net cash generated operations	**606,722**	466,543	**50,733**	461,900
Dividend received	**343,343**	450,461	**229,821**	435,891
Interest received	**32,211**	48,884	**12,114**	24,677
Interest paid	**(1,311)**	(11,997)	**(116)**	(5,335)
Income tax paid	**(149)**	(1,854)	**(149)**	(1,092)
Net cash flows from operating activities	**980,817**	952,036	**292,403**	916,041
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**243,675**	51,979	**76,118**	51,979
Redemption of preferred shares				
Additions to:				
FVOCI investments	**(45,476)**	(122,460)	**(3,608)**	(26,368)
Long-term investments	**-**	(10,204)	**-**	(10,204)
Property and equipment	**(42)**	(110)	**(6)**	(16)
Increase in:				
Advances to affiliates	**(3,684)**	(130,621)	**(3,638)**	(84,597)
Other assets	**(359)**	(411)	**(380)**	(26)
Net cash flows from (used in) investing activities	**194,113**	(211,826)	**68,485**	(69,232)

(Forward)

	For the Periods Ended June 30		Quarters Ended June 30	
	2020	2019	**2020**	2019
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Long-term debt	**(113,850)**	(233,876)	**-**	(115,875)
Cash dividends	**(807,952)**	(304,698)	**(807,952)**	(304,698)
Net cash flows used in financing activities	**(921,802))**	(538,574)	**(807,952)**	(420,573)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**1,951**	(9,469)	**1,908**	(12,609)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**255,078**	192,166	**(445,156)**	413,627
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**251,441**	1,193,946	**951,675**	972,485
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**506,519**	1,386,112	**506,519**	1,386,112

Additional Notes to Consolidated Financial Statements

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
06/30/2020							
REVENUE	2,537,474	264,818	1,174,818	(122,589)	3,854,520	(2,089,201)	**1,765,320**
TOTAL COMPREHENSIVE INCOME (LOSS)	263,673	(18,082)	1,089,277	(295,758)	1,039,110	(2,106,775)	**(1,067,666)**
TOTAL ASSETS	4,482,206	1,600,925	12,502,697	16,485,661	35,071,488	(14,501,570)	**20,569,918**
INVESTMENTS PORTFOLIO *	20,462	118,075	23,585,279	15,408,085	39,131,901	(28,442,532)	**10,689,369**
PROPERTY & EQUIPMENT	614,263	734,444	116,795	7,797	1,473,299	1,041,382	**2,514,681**
TOTAL LIABILITIES	864,674	389,071	2,896,058	522,102	4,671,905	(2,601,583)	**2,070,322**
DEPRECIATION AND AMORTIZATION	42,760	51,473	21,712	9,030	124,975	13,326	**138,301**

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
06/30/2019							
REVENUE	3,914,022	649,187	773,200	2,025,391	7,361,800	(1,195,309)	**6,166,491**
TOTAL COMPREHENSIVE INCOME	374,861	165,938	733,790	1,895,504	3,170,093	(1,205,798)	**1,964,294**
TOTAL ASSETS	4,211,473	1,614,002	13,211,928	19,082,468	38,119,872	(15,025,384)	**23,094,488**
INVESTMENTS PORTFOLIO *	19,577	77,250	24,405,953	17,186,857	41,689,637	(28,911,406)	**12,778,231**
PROPERTY & EQUIPMENT	620,113	748,787	80,477	12,104	1,461,480	1,068,033	**2,529,514**
TOTAL LIABILITIES	1,024,650	455,294	2,647,456	784,806	4,912,206	(2,420,597)	**2,491,609**
DEPRECIATION AND AMORTIZATION	36,168	51,085	22,289	3,990	113,533	13,326	**126,858**

**** Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at FVPL) and FVOCI investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Thousand Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

The adoption of PFRS 16 has no significant impact on the consolidated financial statements since most of the lease agreements are made within the Group. See Note 31 for the disclosures of the Group's lease arrangements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately;
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities;
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and,
  - How an entity considers changes in facts and circumstances.

  The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

  The Group applies significant judgment in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined that it is probable that its tax treatments will be accepted by the taxation authorities. The adoption of the Interpretation did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and,

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the year.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

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

Annual Improvements to PFRSs 2015-2017 Cycle

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2020

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

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

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

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

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at June 30, 2020 and December 31, 2019:

		Percentage of Ownership	
	Nature of Business	**2020**	2019
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Manpower Services	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62
Summerside Corp.	Investment Holdings	**40**	40

Except for AI and its subsidiaries, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Current Versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

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

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled 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 tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these are such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

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

The following are the Group's associates:

	Nature of Business	Percentage of Ownership **2020**	2019
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
AG&P International Holdings, Pte Ltd (AGP-SG)*	Holding	**21**	-
AGP Group Holdings Pte Ltd. (formerly AGP International Holdings Ltd.) *	Holding	**-**	27
Fremont Holdings, Inc. (FHI)	Real Estate	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp. (AIMP)	Asset Management	**20**	20

** Its associate is engaged in modular steel fabrication and LNG.*

The principal business location of AIMP, VHI and FHI is the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in the BVI, Singapore, USA and Hong Kong, respectively.

<u>Business Combinations and Goodwill</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Disposal Group and Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary 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. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVOCI equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVOCI financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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.

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.

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

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments

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 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. 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.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of June 30, 2020 and December 31, 2019, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also 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 FVPL, 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 FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at June 30, 2020 and December 31, 2019, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at June 30, 2020 and December 31, 2019.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at June 30, 2020 and December 31, 2019, the Group's FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at June 30, 2020 and December 31, 2019, included in this category are the Group's notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- 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.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

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.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 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

“Day 1” Difference

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate

Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services
Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements

comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with 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 and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment
Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of 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, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. 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, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

The Group as Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Borrowing Costs</u>

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

<u>Pension Benefits</u>

The Group has a non-contributory defined benefit retirement plan.

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

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

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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 any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the

expected future cash flows at a pre-tax rate that reflects current market assessments 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 an interest expense.

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

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value-added Tax (VAT)
Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of June 30, 2020 and December 31, 2019.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

Determination of functional currency
The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on 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 definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at June 30, 2020 and December 31, 2019, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee
The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Assessment of control over the entities for consolidation
The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

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

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Valuation of unquoted FVPL equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

Impairment of FVOCI debt investments

For FVOCI debt investments, 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 instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset 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.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; reliability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

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. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow 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

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 accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. 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 stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended June 30, 2020.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.
- FVOCI investments in bonds are derived from quoted market prices in active markets.
- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at June 30, 2020:

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	**₱5,904,548**	**₱5,904,548**	**₱–**	**₱–**
Unquoted equity shares	**1,204,525**	**-**	**182,816**	**1,021,709**
Funds and equities	**1,136,069**	**1,136,009**	**–**	**60**
Bonds and convertible note	**568,426**	**568,426**	**–**	**–**
Proprietary shares	**367,437**	**367,437**	**–**	**–**
Others	**83,285**	**83,285**	**–**	**–**
	9,264,290	**8,059,765**	**182,816**	**1,021,769**
FVOCI investments:				
Bonds and convertible note	**124,458**	**124,458**	**–**	**–**
	124,458	**124,458**	**–**	**–**
	₱9,388,748	**₱8,184,223**	**₱182,816**	**₱1,021,769**

As of December 31, 2019

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱7,616,777	₱7,616,777	₱–	₱–
Unquoted equity shares	1,137,142	–	115,433	1,021,709
Funds and equities	1,131,737	1,131,677	–	60
Bonds and convertible note	793,929	793,929	–	–
Proprietary shares	367,437	367,437	–	–
Others	83,226	83,226	–	–
	11,130,248	9,993,046	115,433	1,021,769
FVOCI investments	330,485	330,485	–	–
	₱11,460,733	₱10,323,531	₱115,433	₱1,021,769

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2020 and 2019

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is 120.0 million with 3% annual increase	0% to 5%	0% fair value of ₱785 5% fair value of ₱1,278
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30% fair value of ₱824
		Cost of equity of 12.99%	12% to 14%	12%: fair value of ₱1,030 14% fair value of ₱940

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2019	₱941.7
Unrealized gain in profit or loss	80.1
As at 31 December 2019	1,021.8
Unrealized gain in profit or loss	–
As at 30 June 2020	**₱1,021.8**

In 2018, Y-mAbs was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the period ended June 30, 2020 and December 31, 2019, there were no transfers other than mentioned above from Level 1, Level 2 and Level 3 fair value measurements.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of June 30, 2020 versus December 31, 2019 except for the decline in value of FVPL and FVOCI investments, when the Philippines Stock Exchange index went down due to the pandemic caused by COVID-19.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash generated from operating and investing activities partially offset by cash used in and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments
The decrease in the account can be attributed to the P1.2 million decrease in market value of local traded shares and foreign denominated investment in bonds, stocks and funds. Net disposal for the period amounted to P673.6 million and unrealized foreign exchange loss related to foreign denominated investments amounts to P24.4 million.

Receivables
The decrease was mainly attributable to the decline in revenues from sale of good and services of the wire manufacturing subsidiary and resort, respectively.

Inventories
The increase was due to higher level of finished goods and raw materials inventories of the wire manufacturing subsidiary and higher spare parts and supplies of the aviation subsidiary.

Fair value through other comprehensive income (FVOCI) investments - current & noncurrent
Net decrease in this account amounted to P206.0 million. The decrease can be attributed to net disposal of investments amounting to P198.2 million and the decline in the market value of investments of about P7.8 million.

Prepayments and other current assets
Decrease in this account can be attributed mainly to use up of the prepaid expenses related to manufacturing and resort operations.

Notes Receivables
The decrease was attributable to the collection of advances by the Parent company to Anscor Retirement Trust Fund.

Investments and Advances
The decrease in investments and advances was mainly due to collection of advances from the associates amounting to P105.5 million and the unrealized foreign exchange loss related to foreign equity investment of P23.8 million. Share in the equity loss of the associates amounted to P171.7 million.

Property and Equipment - net
The slight decrease can be traced to depreciation amounting to P131.0 million offset by acquisition of property and equipment of P83.2 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties
Decrease was due to depreciation amounting to P7.3 million.

Accounts Payable and Accrued Expenses
The decrease was mainly attributable to the lower purchase of the resort and wire manufacturing subsidiaries due to the pandemic.

Dividends Payable
On March 16, 2020, the Parent Company approved the declaration of cash dividends of P0.75 per share to shareholders, which was paid on April 27, 2020.

Income Tax Payable
Movement in the account was attributable to income taxes paid during the period by the Group partially offset by the tax provision of the resort and wire manufacturing subsidiaries for six months of 2020 which decreased due to lower profits.

Long-term Debt (current and noncurrent)
The decrease in the account can be attributed to P176.8 million loan paid by the Parent Company and PDP.

Deferred Income Tax Liabilities
Decrease in the account was mainly due to the deferred tax effect on the decrease in value of FVPL investments, bonds, unquoted equities and funds and foreign exchange loss.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. Due to the appreciation of Philippine peso vis-à-vis US$, CTA balance decreased by P52.2 million.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to June 30, 2020.

Others
There were no commitments for major capital expenditures in 2020.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits as well as the potential impact of COVID-19 to Anscor's FVPL investments.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended June 30	
	2020	*2019*
Revenues (excluding investment gains or losses)	**1,470,128**	670,569
Investment Gains (Losses)	**(1,592,717)**	1,354,822
Total Comprehensive Income (Loss)	**(295,758)**	1,895,504
Earnings Per Share		
Net Income (Loss)	**(0.116)**	0.751
Total Comprehensive Income (Loss)	**(0.118)**	0.758
Market Price Per Share (PSE)	**6.22**	7.10

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
Last year's consolidated gross revenues of P6.2 billion reversed to a loss of P1.8 billion this year due to decrease in market value of FVPL investments of P1.2 billion vs a gain of P1.4 billion in 2019. Also, the resort and wire manufacturing operations reported a decline in revenues as a result of community quarantine due to COVID-19 pandemic.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to decline in volume sold by the wire manufacturing subsidiary.

Cost of Services Rendered
Decrease in cost of services rendered was mainly due to lower occupancy rate of the resort subsidiary this year versus last year.

Operating Expenses
The Group reported a decreased in operating expenses for six months of 2020 mainly due to lower overhead of the subsidiaries due to the quarantine imposed from March 16 to June 30, 2020.

Foreign Exchange Loss
Due to the depreciation of dollar vis-à-vis peso, the parent company reported foreign exchange loss on its foreign currency denominated investments in financial assets.

Interest Expense
Interest expense amount in 2020 was lower than 2019 due to payment of long-term loan by the parent company and PDP.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscor Consolidated Corporation (Anscorcon) which todate owns 1,249,872,246 shares of Anscor. No addition in six months of 2020.

- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended June 30	
	2020	2019
Volume sold (MT)	**5,162**	7,608
Revenue	**2,537,474**	3,914,022
Net Income	**263,673**	374,861

PDP Energy's revenue declined in 2020 as against 2019's revenues.

PDP recorded a net income of P263.7 million for six months of 2020, lower than the P374.9 million profit recorded last year attributable to the effect of the community quarantine due to COVID-19 pandemic.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 22.8% for the first half of 2020, lower than the 2019 average occupancy rate of 59.2%. Average room rate was P74,939, a slight increase from last year's average room rate of P72,924. Total hotel revenues amounted to P264.8 million, a sharp decline from last year's revenues of P649.2 million due to travel restrictions (mainly foreign flights), affecting arrival of foreign tourists.

Seven Seas reported a consolidated net loss of P18.1 million for six months of 2020, a reversal from the consolidated net income of P165.9 million in 2019.

12. Financial Indicators

Significant financial indicators of the Group are the following:

	6/30/2020		6/30/2019	
Total Current Assets	**14,606,039**	11.75 : 1	**16,670,475**	10.45 : 1
Total Current Liabilities	**1,242,904**		**1,595,426**	
Total Current Assets less Inventories, Prepayments and Other Current Assets	**13,523,824**	10.88 : 1	**15,547,923**	12.51 : 1
Total Current Liabilities	**1,242,904**		**1,242,904**	
Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization	**(858,766)**	(41.48%)	**2,070,956**	83.12%
Total Liabilities	**2,070,322**		**2,491,609**	
Total Liabilities	**2,070,322**	0.12	**2,491,609**	0.12
Equity Attributable to Equity Holders of the Parent	**17,950,772**		**20,067,640**	
Total Assets	**20,569,918**	1.15	**23,094,488**	1.15
Equity Attributable to Equity Holders of the Parent	**17,950,772**		**20,067,640**	
EBIT (earnings before interest and taxes)	**(893,625)**	(74.55)	**2,227,353**	86.91
Interest Expense	**11,987**		**25,630**	

	6/30/2020		6/30/2019	
Net Income Attributable to Equity Holders of the Parent	**(997,067)**	(5.55%)	**1,944,098**	9.69%
Equity Attributable to Equity Holders of the Parent	**17,950,772**		**20,067,640**	
Net Income Attributable to Equity Holders of the Parent	**(997,067)**	(4.85%)	**1,944,098**	8.42%
Total Assets	**20,569,918**		**23,094,488**	
Net Income Attributable to Equity Holders of the Parent	**(997,067)**	(56.48%)	**1,944,098**	31.53%
Total Revenues	**1,765,320**		**6,166,491**	
Equity Attributable to Equity Holders of the Parent	**17,950,772**	14.36	**20,067,640**	16.77
Outstanding Number of Shares	**1,250,128**		**1,196,626**	

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	06/30/2020	06/30/2019
1. Volume	**5,162**	7,608
2. Revenue	**2,537,474**	3,914,022
3. Net income	**263,673**	374,861

Seven Seas Group

In Thousand Pesos

	06/30/2020	06/30/2019
1. Occupancy rate	**22.8%**	59.2%
2. Hotel revenue	**264,818**	649,187
3. Gross operating profit (GOP)	**70,100**	329,555
4. GOP ratio	**26.5%**	50.8%
5. Net income (loss)	**(18,081)**	165,938

Occupancy rate is based on actual room nights sold over available room nights on a 6 - month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

P W 2

COMPANY NAME

A SORIANO CORPORATION AND SUBSIDIARIES

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

Form Type		Department requiring the report	Secondary License Type, If Applicable
17-Q	(AMENDED)	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.com.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	Third Wednesday of April	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7TH FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, 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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 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 September 30, 2020

2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216

   A. SORIANO CORPORATION
4. Exact name of issuer as specified in its charter

   hilippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

   7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office Postal Code

   8190251
8. Issuer's telephone number, including area code

   N/A
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

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

Yes [x]   No   [   ]

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

Yes   [   ]   No.   [x]

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: November 13, 2020

Principal Financial/Accounting Officer/Controller:
Signature and Title

(Sgd.) NARCISA M. VILLAFLOR
VP - Comptroller

Date: November 13, 2020

SEC Form17-Q
November 13, 2020

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A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	September 30 2020	December 31 2019
ASSETS		
Current Assets		
Cash and cash equivalents	**2,344,734**	2,308,878
Fair value through profit and loss (FVPL) investments	**9,141,112**	11,130,248
Receivables	**2,017,660**	2,122,603
Inventories	**990,285**	904,428
Fair value through other comprehensive income (FVOCI) investments - current	**-**	94,535
Prepayments	**33,929**	34,866
Other current assets	**13,592**	27,071
Total Current Assets	**14,541,311**	16,622,628
Noncurrent Assets		
FVOCI investments - net of current portion	**124,263**	235,949
Notes receivables	**307,500**	349,500
Investments and advances	**352,255**	1,078,655
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,485,757**	2,562,464
Investment properties	**519,372**	530,382
Retirement plan asset	**84,471**	84,471
Deferred tax assets	**87,120**	87,156
Right of use assets	**30,685**	35,292
Other noncurrent assets	**265,340**	223,646
Total Noncurrent Assets	**5,559,040**	6,489,792
TOTAL ASSETS	**20,100,351**	23,112,420

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**795,938**	931,320
Dividends payable	**371,618**	283,975
Income tax payable	**163,734**	192,065
Current portion of lease liability	**6,258**	9,908
Current portion of long-term debt	**174,595**	276,165
Total Current Liabilities	**1,512,143**	1,693,432

(Forward)

	September 30 2020	December 31 2019
Noncurrent Liabilities		
Long-term debt - net of current portion	**113,571**	227,143
Lease liability - net of current portion	**28,488**	27,467
Deferred income tax liabilities - net	**446,853**	479,313
Retirement benefits payable	**35,834**	32,252
Other noncurrent liabilities	**134,942**	147,956
Total Noncurrent Liabilities	**759,688**	914,130
Total Liabilities	**2,271,831**	2,607,562
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**141,601**	273,248
Unrealized valuation gains on FVOCI investments	**3,505**	8,740
Remeasurement on retirement benefits	**33,267**	33,267
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**8,250,323**	10,487,853
Cost of shares held by a subsidiary	**(2,643,840)**	(2,369,372)
	17,294,240	19,943,120
Noncontrolling interests	**534,281**	561,738
Total Equity	**17,828,520**	20,504,858
TOTAL LIABILITIES AND EQUITY	**20,100,351**	23,112,420

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2020	2019	**2020**	2019
REVENUES				
Sale of goods - net	**4,377,627**	6,005,150	**1,840,152**	2,091,128
Services	**441,077**	936,274	**134,952**	188,520
Dividend income	**230,989**	308,919	**8,893**	79,908
Interest income	**50,493**	92,549	**11,985**	39,004
	5,100,186	7,342,891	**1,995,982**	2,398,561
INVESTMENT GAINS (LOSSES)				
Gain on sale of FVOCI investments	**1,150**	3,273	**289**	2,893
Gain (loss) on increase (decrease) in market values of FVPL investments	**(1,266,219)**	741,443	**(98,211)**	(679,298)
	(1,265,069)	744,716	**(97,922)**	(676,405)
Equity in net losses of associates - net of allowances	**(555,261)**	(232,054)	**(383,524)**	(33,093)
	3,279,856	7,855,553	**1,514,537**	1,689,062
Cost of goods sold	**(3,400,971)**	(4,867,130)	**(1,402,986)**	(1,672,289)
Services rendered	**(181,577)**	(310,694)	**(62,629)**	(88,994)
Operating expenses	**(736,207)**	(786,598)	**(225,100)**	(231,953)
Foreign exchange gain (loss)	**(85,590)**	(24,291)	**(55,512)**	26,355
Interest expense	**(18,686)**	(35,277)	**(6,699)**	(9,647)
Other income (charges) - net	**694**	79,626	**1,519**	(3,069)
	(4,422,338)	(5,944,363)	**(1,751,406)**	(1,979,596)
INCOME (LOSS) BEFORE INCOME TAX	**(1,142,482)**	1,911,190	**(236,870)**	(290,534)
PROVISION FOR INCOME TAX				
Current	**215,126**	293,612	**99,196**	96,570
Deferred	**(30,216)**	(2,672)	**(18,654)**	5,006
	184,910	290,939	**80,542**	101,576
NET INCOME (LOSS)	**(1,327,392)**	1,620,250	**(317,411)**	(392,110)

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2020	2019	**2020**	2019
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**(6,328)**	37,788	**608**	10,444
Realized gain on sale of FVOCI investments, net of impairment losses	**(1,150)**	(3,273)	**(289)**	(2,893)
Income tax effect	**2,244**	(10,354)	**(96)**	(2,265)
Cumulative translation adjustment	**(131,647)**	(27,710)	**(79,419)**	39,230
OTHER COMPREHENSIVE INCOME (LOSS)	**(136,882)**	(3,550)	**(79,196)**	44,516
TOTAL COMPREHENSIVE INCOME (LOSS)	**(1,464,273)**	1,616,700	**(396,608)**	(347,594)
Net Income (Loss) Attributable to:				
Equity holders of the parent	**(1,299,935)**	1,559,409	**(302,868)**	(384,689)
Minority interest	**(27,457)**	60,841	**(14,544)**	(7,422)
	(1,327,392)	1,620,250	**(317,411)**	(392,110)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent	**(1,436,816)**	1,555,859	**(382,064)**	(340,172)
Minority interest	**(27,457)**	60,841	**(14,544)**	(7,422)
	(1,464,273)	1,616,700	**(396,608)**	(347,594)
Earnings Per Share				
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**(1.06)**	1.31	**(0.25)**	(0.32)
Earnings Per Share				
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**(1.17)**	1.30	**(0.31)**	(0.28)

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent									
						Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2018	2,500,000	1,605,614	(8,129)	39,853	385,513	7,150,000	9,259,614	(2,356,556)	523,526	19,099,435
Comprehensive income	-	-	24,160	-	(27,710)	-	1,559,409	-	60,841	1,616,700
Cash dividends - net	-	-	-	-	-	-	(302,844)	-	-	(302,844)
Shares repurchased during the year	-	-	-	-	-	-	-	(118,975)	-	(118,975)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	(56,550)	(56,550)
Balance at 09/30/2019	2,500,000	1,605,614	16,032	39,853	357,803	7,150,000	10,516,179	(2,475,531)	527,818	20,237,767
Balance at 12/31/2019	2,500,000	1,859,383	8,740	33,267	273,248	7,150,000	10,487,853	(2,369,372)	561,738	20,504,858
Comprehensive income (loss)	-	-	(5,235)	-	(131,647)	-	(1,299,935)	-	(27,457)	(1,464,273)
Cash dividends - net	-	-	-	-	-	-	(937,596)	-	-	(937,596)
Shares repurchased during the year	-	-	-	-	-	-	-	(274,468)	-	(274,468)
Balance at 09/30/2020	**2,500,000**	**1,859,383**	**3,505**	**33,267**	**141,601**	**7,150,000**	**8,250,323**	**(2,643,840)**	**534,281**	**17,828,520**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2020	2019	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**(1,142,482)**	1,911,190	**(236,870)**	(290,534)
Adjustment for:				
Loss (gain) on decrease (increase) in market values of FVPL investments	**1,266,219**	(741,443)	**98,211**	679,298
Equity in net losses of associates	**555,261**	232,054	**383,524**	33,093
Depreciation and amortization	**206,700**	192,419	**68,399**	65,561
Interest expense	**18,686**	35,277	**6,699**	9,647
Foreign exchange loss (gain)	**10,244**	13,121	**15,769**	(11,595)
Dividend income	**(230,989)**	(308,919)	**(8,893)**	(79,908)
Interest income	**(50,493)**	(92,549)	**(11,985)**	(39,004)
Gain on sale of FVOCI investments	**(1,150)**	(3,273)	**(289)**	(2,893)
Gain on sale of property and equipment	**(105)**	(1,640)	**(4)**	(1,640)
Operating income before working capital changes	**631,891**	1,236,237	**314,561**	362,026
Decrease (increase) in:				
FVPL investments	**656,301**	(134,375)	**(17,276)**	(546,460)
Receivables	**104,943**	155,952	**(341,997)**	(54,326)
Inventories	**(85,857)**	45,932	**41,779**	71,878
Increase (decrease) in:				
Accounts payable and accrued expenses	**(135,382)**	114,642	**187,982**	237,735
Retirement benefits payable	**3,582**	951	**1,194**	(479)
Net cash generated from operations	**1,175,477**	1,419,339	**186,243**	70,374
Dividend received	**230,989**	308,919	**8,893**	79,908
Interest received	**50,493**	92,549	**11,985**	39,004
Interest paid	**(18,686)**	(35,277)	**(6,699)**	(9,647)
Income taxes paid	**(243,457)**	(239,467)	**(20,910)**	(57,473)
Net cash flows from operating activities	**1,194,816**	1,546,063	**179,512**	122,166

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2020	2019	**2020**	2019
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**276,070**	133,060	**32,395**	81,081
Property and equipment	**105**	1,640	**4**	1,640
Addition to:				
FVOCI investments	**(79,988)**	(165,378)	**(34,511)**	(42,918)
Long-term investments	**-**	(80,612)	**-**	(70,408)
Investment properties	**-**	94	**-**	(1)
Property and equipment	**(118,984)**	(168,402)	**(35,806)**	(72,861)
Decrease (increase) in:				
Prepayments and other assets	**(27,278)**	3,469	**(34,671)**	11,406
Other noncurrent liabilities	**(13,014)**	(10,177)	**(13,953)**	796
Advances to affiliates	**105,173**	(1,211)	**(333)**	341
Net cash flows used in investing activities	**142,084**	(287,516)	**(86,875)**	(90,923)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Notes payable	**-**	(250,000)	**-**	-
Long-term debt	**(214,696)**	(473,095)	**(37,857)**	(157,702)
Cash dividends	**(807,952)**	(304,698)	**-**	-
Company shares purchased by a subsidiary	**(274,468)**	(118,975)	**(274,468)**	(17,518)
Increase (decrease) in:				
Lease liabilities	**1,979**	-	**3,091**	-
Deferred revenue	**-**	-	**-**	-
Minority interest	**-**	(56,550)	**-**	-
Net cash flows used in financing activities	**(1,295,137)**	(1,203,317)	**(309,235)**	(175,220)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(5,907)**	(1,119)	**(7,473)**	4,900
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**35,855**	54,111	**(224,070)**	(139,077)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,308,878**	2,765,515	**2,568,804**	2,958,703
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,344,734**	2,819,626	**2,344,734**	2,819,626

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(in Thousand Pesos)

	September 30 2020	December 31 2019
ASSETS		
Cash and Cash Equivalents	**337,813**	251,441
Fair Value through Profit and Loss (FVPL) Investments	**7,681,744**	9,718,048
Fair value through other comprehensive income (FVOCI) investments	**124,263**	330,485
Receivables - net	**479,790**	753,285
Investments and Advances- net	**7,579,208**	7,285,788
Investment Property	**281,362**	292,372
Property and Equipment - net	**7,619**	9,445
Retirement Plan Asset	**75,804**	75,804
Other Assets	**1,517**	1,210
TOTAL ASSETS	**16,569,120**	18,717,877
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**13,575**	35,684
Dividends Payable	**371,618**	283,975
Long-term Debt	**-**	114,296
Deferred Income Tax Liabilities - net	**123,142**	149,605
Total Liabilities	**508,336**	583,560
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized valuation gains on FVOCI investments	**3,505**	8,740
Remeasurement on Retirement Benefits	**41,996**	41,996
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**4,775,484**	6,843,782
Total Equity	**16,060,784**	18,134,317
TOTAL LIABILITIES AND EQUITY	**16,569,120**	18,717,877

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2020	2019	**2020**	2019
REVENUES				
Dividend income	**1,413,270**	821,369	**8,927**	245,908
Interest income	**42,036**	85,089	**9,825**	36,206
Management fees	**61,731**	73,341	**28,158**	27,117
	1,517,037	979,799	**46,909**	309,230
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**(1,481,318)**	551,692	**112,259**	(802,750)
Gain on sale of FVOCI investments	**1,150**	3,273	**289**	2,893
	(1,480,168)	554,965	**112,549**	(799,857)
	36,869	1,534,764	**159,458**	(490,627)
Operating expenses	**(184,855)**	(124,773)	**(33,167)**	(29,028)
Foreign exchange loss	**(81,307)**	(23,586)	**(51,442)**	24,787
Interest expense	**(1,323)**	(16,004)	**(12)**	(4,007)
Others net	**13,989**	9,824	**6,674**	4,298
	(253,496)	(154,539)	**(77,947)**	(3,951)
INCOME (LOSS) BEFORE INCOME TAX	**(216,627)**	1,380,225	**81,511**	(494,578)
PROVISION FOR INCOME TAX				
Current	**891**	3,294	**741**	1,440
Deferred	**(24,219)**	3,324	**(16,232)**	7,005
	(23,329)	6,618	**(15,491)**	8,445
NET INCOME (LOSS)	**(193,298)**	1,373,607	**97,002**	(503,023)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**(6,328)**	37,788	**608**	10,444
Realized gain on sale of FVOCI investments	**(1,150)**	(3,273)	**(289)**	(2,893)
Income Tax Effect	**2,244**	(10,354)	**(96)**	(2,265)
OTHER COMPREHENSIVE INCOME (LOSS)	**(5,235)**	24,160	**223**	5,286
TOTAL COMPREHENSIVE INCOME (LOSS)	**(198,533)**	1,397,767	**97,225**	(497,737)
Earnings Per Share:				
Net income (loss)	**(0.08)**	0.55	**0.04**	(0.20)
Total comprehensive income (loss)	**(0.08)**	0.56	**0.04**	(0.20)

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains (loss) on FVOCI Investments	Remeasurement on Retirement Benefits Gain	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total
Balance at 12/31/2018	2,500,000	1,589,800	(8,129)	36,455	7,150,000	5,759,031	17,027,158
Comprehensive income	-	-	24,160	-	-	1,373,607	1,397,767
Cash dividends	-	-	-	-	-	(625,000)	(625,000)
Balance at 09/30/2019	2,500,000	1,589,800	16,032	36,455	7,150,000	6,507,638	17,799,925
Balance at 12/31/2019	2,500,000	1,589,800	8,740	41,996	7,150,000	6,843,782	18,134,317
Comprehensive income	-	-	(5,235)	-	-	(193,298)	(198,533)
Cash dividends	-	-	-	-	-	(1,875,000)	(1,875,000)
Balance at 09/30/2020	**2,500,000**	**1,589,800**	**3,505**	**41,996**	**7,150,000**	**4,775,484**	**16,060,784**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Periods Ended September 30		Quarters Ended September 30	
	2020	2019	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax	**(216,627)**	1,380,225	**81,511**	(494,578)
Adjustment for:				
Loss (gain) on decrease (increase) in market values of FVPL investments	**1,481,318**	(551,692)	**(112,259)**	802,750
Unrealized foreign exchange loss (gain)	**75,924**	22,009	**53,055**	(26,894)
Depreciation and amortization	**13,751**	5,959	**4,722**	1,969
Interest expense	**1,323**	16,004	**12**	4,007
Dividend income	**(1,413,270)**	(821,369)	**(8,927)**	(245,908)
Interest income	**(42,036)**	(85,089)	**(9,825)**	(36,206)
Gain on sale of FVOCI investments	**(1,150)**	(3,273)	**(289)**	(2,893)
Operating income (loss) before working capital changes	**(100,766)**	(37,226)	**8,000**	2,247
Decrease (increase) in:				
Receivables	**231,495**	40,066	**6,096**	30,074
FVPL investments	**488,370**	11,333	**(26,199)**	(488,123)
Increase (decrease) in accounts payable and accrued expenses	**(22,109)**	(3,960)	**2,371**	(529)
Net cash generated (used in) operations	**596,989**	10,212	**(9,733)**	(456,330)
Dividend received	**477,270**	655,369	**133,927**	204,908
Interest received	**42,036**	85,089	**9,825**	36,206
Interest paid	**(1,323)**	(16,004)	**(12)**	(4,007)
Income tax paid	**(891)**	(3,294)	**(741)**	(1,440)
Net cash flows from (used in) operating activities	**1,114,082**	731,372	**133,265**	(220,664)

(Forward)

	For the Periods Ended September 30		Quarters Ended September 30	
	2020	2019	**2020**	2019
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**276,070**	133,060	**32,395**	81,081
Additions to:				
FVOCI investments	**(79,988)**	(165,378)	**(34,511)**	(42,918)
Long-term investments	**-**	(80,612)	**-**	(70,408)
Property and equipment	**(916)**	(148)	**(874)**	(38)
Increase (decrease) in:				
Advances to affiliates	**(294,824)**	(156,155)	**(291,140)**	(25,534)
Other assets	**(307)**	(316)	**52**	95
Net cash flows used in investing activities	**(99,965)**	(269,547)	**(294,078)**	(57,721)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Long-term debt	**(113,850)**	(351,124)	**-**	(117,248)
Cash dividends	**(807,952)**	(304,698)	**-**	-
Net cash flows used in financing activities	**(921,802)**	(655,822)	**-**	(117,248)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(5,943)**	(4,569)	**(7,893)**	4,900
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**86,372**	(198,566)	**(168,706)**	(390,732)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**251,441**	1,193,946	**506,519**	1,386,112
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**337,813**	995,380	**337,813**	995,380

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
09/30/2020							
REVENUE	4,377,627	366,079	1,032,873	36,869	5,813,448	(2,533,591)	**3,279,856**
TOTAL COMPREHENSIVE INCOME (LOSS)	494,261	(59,848)	906,938	(198,533)	1,142,818	(2,607,091)	**(1,464,273)**
TOTAL ASSETS	4,736,324	1,633,579	12,526,648	16,569,120	35,465,671	(15,365,320)	**20,100,351**
INVESTMENTS PORTFOLIO *	20,462	126,844	23,655,550	15,666,576	39,469,432	(29,370,275)	**10,137,002**
PROPERTY & EQUIPMENT	611,003	717,430	114,986	7,619	1,451,038	1,034,720	**2,485,757**
TOTAL LIABILITIES	888,204	463,493	3,130,394	508,336	4,990,427	(2,718,596)	**2,271,831**
DEPRECIATION AND AMORTIZATION	63,872	77,368	31,721	13,751	186,712	19,988	**206,700**

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
09/30/2019							
REVENUE	6,005,150	802,422	1,324,241	1,534,764	9,666,577	(1,811,023)	**7,855,553**
TOTAL COMPREHENSIVE INCOME	595,725	150,028	1,221,428	1,397,767	3,364,948	(1,748,248)	**1,616,700**
TOTAL ASSETS	4,456,919	1,693,145	13,593,302	18,480,994	38,224,360	(15,358,900)	**22,865,460**
INVESTMENTS PORTFOLIO *	19,572	76,906	25,670,207	17,008,217	42,774,902	(30,069,559)	**12,705,343**
PROPERTY & EQUIPMENT	626,080	739,231	99,959	10,172	1,475,443	1,061,371	**2,536,813**
TOTAL LIABILITIES	1,049,231	550,347	2,689,508	681,070	4,970,155	(2,342,462)	**2,627,693**
DEPRECIATION AND AMORTIZATION	56,416	76,240	33,815	5,959	172,431	19,988	**192,419**

*** *Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at FVPL) and FVOCI investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Thousand Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

The adoption of PFRS 16 has no significant impact on the consolidated financial statements since most of the lease agreements are made within the Group. See Note 31 for the disclosures of the Group's lease arrangements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately;
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities;
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and,
  - How an entity considers changes in facts and circumstances.

  The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

  The Group applies significant judgment in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined that it is probable that its tax treatments will be accepted by the taxation authorities. The adoption of the Interpretation did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and,

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the year.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

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

Annual Improvements to PFRSs 2015-2017 Cycle

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

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

Effective beginning on or after January 1, 2020

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

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

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

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

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at September 30, 2020 and December 31, 2019:

		Percentage of Ownership	
	Nature of Business	**2020**	2019
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Manpower Services	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62
Summerside Corp.	Investment Holdings	**40**	40

Except for AI and its subsidiaries, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Current Versus Noncurrent Classification</u>

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled 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 tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these are such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

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

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	**2020**	2019
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
AG&P International Holdings, Pte Ltd (AGP-SG)*	Holding	**21**	-
AGP Group Holdings Pte Ltd. (formerly AGP International Holdings Ltd.) *	Holding	**-**	27
Fremont Holdings, Inc. (FHI)	Real Estate	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp. (AIMP)	Asset Management	**20**	20

** Its associate is engaged in modular steel fabrication and LNG.*

The principal business location of AIMP, VHI and FHI is the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in the BVI, Singapore, USA and Hong Kong, respectively.

<u>Business Combinations and Goodwill</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Disposal Group and Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary 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. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVOCI equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVOCI financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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.

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.

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

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments

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 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. 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.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of September 30, 2020 and December 31, 2019, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also 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 FVPL, 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 FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at September 30, 2020 and December 31, 2019, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at September 30, 2020 and December 31, 2019.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as “Gain (loss) on sale of FVOCI investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at September 30, 2020 and December 31, 2019, the Group’s FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at September 30, 2020 and December 31, 2019, included in this category are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- 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.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

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.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group’s debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 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

"Day 1" Difference

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate

Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services
Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

<u>Costs and Expenses</u>
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

<u>Other Comprehensive Income</u>
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements

comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with 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 and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of 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, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. 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, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has a non-contributory defined benefit retirement plan.

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

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

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

<u>Provisions and Contingencies</u>

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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 any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the

expected future cash flows at a pre-tax rate that reflects current market assessments 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 an interest expense.

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

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value-added Tax (VAT)
Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of September 30, 2020 and December 31, 2019.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

Determination of functional currency
The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on 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 definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at September 30, 2020 and December 31, 2019, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee
The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Assessment of control over the entities for consolidation
The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

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

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Valuation of unquoted FVPL equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

Impairment of FVOCI debt investments
For FVOCI debt investments, 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 instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset 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.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt

instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.
The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; reliability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

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. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow 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
   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 accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. 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 stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

   The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

   The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

   Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended September 30, 2020.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at September 30, 2020:

		Fair value measurement using		
	Total	**Quoted prices in active Markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱5,872,570**	**₱5,872,570**	**₱–**	**₱–**
Unquoted equity shares	**1,154,207**	**–**	**132,498**	**1,021,709**
Funds and equities	**1,193,221**	**1,193,221**	**–**	**–**
Bonds and convertible note	**470,163**	**470,163**	**–**	**–**
Proprietary shares	**366,237**	**366,237**	**–**	**–**
Others	**84,715**	**84,715**	**–**	**–**
	9,141,112	**7,986,906**	**132,498**	**1,021,709**
FVOCI investments:				
Bonds and convertible note	**124,263**	**124,263**	**–**	**–**
	124,263	**124,263**	**–**	**–**
	₱9,265,375	**₱8,111,169**	**₱132,498**	**₱1,021,769**

As of December 31, 2019

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱7,616,777	₱7,616,777	₱–	₱–
Unquoted equity shares	1,137,142	–	115,433	1,021,709
Funds and equities	1,131,737	1,131,677	–	60
Bonds and convertible note	793,929	793,929	–	–
Proprietary shares	367,437	367,437	–	–
Others	83,226	83,226	–	–
	11,130,248	9,993,046	115,433	1,021,769
FVOCI investments	330,485	330,485	–	–
	₱11,460,733	₱10,323,531	₱115,433	₱1,021,769

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2020 and 2019

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is 120.0 million with 3% annual increase	0% to 5%	0% fair value of ₱785 5% fair value of ₱1,278
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30% fair value of ₱824
		Cost of equity of 12.99%	12% to 14%	12%: fair value of ₱1,030 14% fair value of ₱940

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2019	₱941.7
Unrealized gain in profit or loss	80.1
As at 31 December 2019	1,021.8
Unrealized gain in profit or loss	–
As at 30 September 2020	**₱1,021.8**

In 2018, Y-mAbs was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the period ended September 30, 2020 and December 31, 2019, there were no transfers other than mentioned above from Level 1, Level 2 and Level 3 fair value measurements.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of September 30, 2020 versus December 31, 2019 except for the decline in value of FVPL and FVOCI investments, when the Philippines Stock Exchange index went down due to the pandemic caused by COVID-19.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash generated from operating and investing activities partially offset by cash used in and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the P1.3 million decrease in market value of local traded shares and foreign denominated investment in bonds, stocks and funds. Net disposal for the period amounted to P657.6 million and unrealized foreign exchange loss related to foreign denominated investments amounts to P66.6 million.

Receivables

The decrease was mainly attributable to the decline in revenues from sale of good and services of the wire manufacturing subsidiary and resort, respectively.

Inventories

The increase was due to higher level of finished goods and raw materials inventories of the wire manufacturing subsidiary and higher spare parts and supplies of the aviation subsidiary.

Fair value through other comprehensive income (FVOCI) investments - current & noncurrent

Net decrease in this account amounted to P206.2 million. The decrease can be attributed to net disposal of investments amounting to P194.9 million, the decline in the market value of investments of about P7.5 million and unrealized foreign exchange loss related to foreign denominated investments amounts to P3.8 million.

Prepayments and other current assets

Decrease in this account can be attributed mainly to use up of the prepaid expenses related to manufacturing and resort operations.

Notes Receivables

The decrease was attributable to the collection of advances by the Parent company to Anscor Retirement Trust Fund from the latter’s cash dividend from its investment in Anscor share.

Investments and Advances
The decrease in investments and advances was mainly due to share in the equity loss of the associates amounted to P555.3 million and the unrealized foreign exchange loss related to foreign equity investment of P66.0 million. Collection of advances from the associates amounted to P105.2 million.

Property and Equipment - net
The slight decrease can be traced to depreciation amounting to P195.7 million offset by acquisition of property and equipment of P119.0 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties
Decrease was due to depreciation amounting to P11.0 million.

Other noncurrent assets
Change in the account balance can be attributed to the increase in advances to suppliers related to villa and capex requirements of the resort.

Accounts Payable and Accrued Expenses
The decrease was mainly attributable to the lower purchase of the resort and wire manufacturing subsidiaries due to the pandemic.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of September 30, 2020 due to problematic addresses of some of the Company's stockholders. Last cash dividends of P0.75 per share to shareholders, was paid on April 27, 2020.

Income Tax Payable
Movement in the account was attributable to income taxes paid during the period by the Group partially offset by the tax provision of the resort and wire manufacturing subsidiaries for nine months of 2020 which decreased due to lower profits.

Long-term Debt (current and noncurrent)
The decrease in the account can be attributed to P214.7 million loan paid by the Parent Company and PDP.

Deferred Income Tax Liabilities
Decrease in the account was mainly due to the deferred tax effect on the decrease in value of FVPL investments, bonds, unquoted equities and funds and foreign exchange loss.

Other noncurrent liabilities

Decrease in the account balance was mainly due to the use of deposit from villa owners for back of house facilities improvement of the resort subsidiary.

Cumulative Translation Adjustment (CTA)

This account includes translation adjustments of Anscor International, Inc., and IQHPC. Due to the appreciation of Philippine peso vis-à-vis US$, CTA balance decreased by P132.9 million.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)

Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to September 30, 2020.

Cost of shares held by a subsidiary

During nine months of 2020, Anscor Consolidated Corporation (Anscorcon), purchased 20.8 million Anscor shares amounting P274.5 million from shareholder who exercised his appraisal right.

Others

There were no commitments for major capital expenditures in 2020.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political, market uncertainties and COVID-19 that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended September 30	
	2020	2019
Revenues (excluding investment gains or losses)	**1,517,037**	979,799
Investment Gains (Losses)	**(1,480,168)**	554,965
Total Comprehensive Income (Loss)	**(198,533)**	1,397,767
Earnings Per Share		
Net Income (Loss)	**(0.08)**	0.55
Total Comprehensive Income (Loss)	**(0.08)**	0.56
Market Price Per Share (PSE)	**6.38**	6.99

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
This year's consolidated gross revenues of P3.3 billion were significantly lower than the last year's revenues of P7.9 billion due to decrease in market value of FVPL investments of P1.3 billion vs a gain of P744.7 billion in 2019; lower revenues of the resort and wire manufacturing operations as a result of community quarantine imposed by the Government due to COVID-19 pandemic; and higher share in net losses of associates amounting to P555.3 million as compared to P232.1 million for the same period last year. Dividend income also decreased from P308.9 million to P231.0 million.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to decline in volume sold by the wire manufacturing subsidiary.

Cost of Services Rendered
Decrease in cost of services rendered was mainly due to lower occupancy rate of the resort subsidiary this year versus last year.

Operating Expenses
The Group reported a decrease in operating expenses for nine months of 2020 mainly due to lower overhead of the subsidiaries due to the quarantine imposed from March 16 to September 30, 2020.

Foreign Exchange Loss
Due to the depreciation of dollar vis-à-vis peso, the parent company reported foreign exchange loss on its foreign currency denominated investments in financial assets.

Interest Expense
Interest expense amount in 2020 was lower than 2019 due to payment of long-term loan by the parent company and PDP.

Other income – net
Last year 's other income includes collection of escrow fund related to the sale of Cirrus Medical Staffing, Inc. in 2017. The remaining 50% escrow fund was subsequently collected in November 2020.

Provision for income tax
The tax provision of the resort and wire manufacturing subsidiaries for nine months of 2020 which decreased due to lower profits.

9. **Cash Flows**

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. **Financial information**

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscorcon which todate owns 1,270,657,561 shares of Anscor. During nine months of 2020, Anscorcon purchased 20.8 million Anscor shares amounting P274.5 million.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended September 30	
	2020	2019
Volume sold (MT)	**8,927**	11,749
Revenue	**4,377,627**	6,005,150
Net Income	**494,261**	595,725

PDP Energy's revenue declined in 2020 as against 2019's revenues.

PDP recorded a net income of P494.3 million for nine months of 2020, lower than the P595.7 million profit recorded last year attributable to the effect of the community quarantine due to COVID-19 pandemic.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 25.6% for the three quarters of 2020, lower than the 2019 average occupancy rate of 50.7%. Average room rate was P60,224, lower from last year's average room rate of P69,144. Total hotel revenues amounted to P366.1 million, a sharp decline from last year's revenues of P802.4 million due to travel restrictions (mainly foreign flights), affecting arrival of foreign tourists.

Seven Seas reported a consolidated net loss of P59.8 million for nine months of 2020, a reversal from the consolidated net income of P150.0 million in 2019.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			9/30/2020			9/30/2019		
i	Current Ratio	Total Current Assets	**14,541,311**	9.62	: 1	**16,370,526**	9.32	: 1
		Total Current Liabilities	**1,512,143**			**1,757,183**		
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets	**13,503,506**	8.93	: 1	**15,333,793**	8.73	: 1
		Total Current Liabilities	**1,512,143**			**1,757,183**		
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization	**(1,093,235)**	(48.12%)		**1,751,828**	66.67%	
		Total Liabilities	**2,271,831**			**2,627,693**		
iv	Debt-to-Equity Ratio	Total Liabilities	**2,271,831**	2.27	17.29	**2,627,693**	2.63	19.71
		Equity Attributable to Equity Holders of the Parent	**17,294,240**			**19,709,949**		
v	Asset-to-Equity Ratio	Total Assets	**20,100,351**	1.16		**22,865,460**	1.16	
		Equity Attributable to Equity Holders of the Parent	**17,294,240**			**19,709,949**		
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	**(1,123,795)**	(60.14)		**1,946,466**	55.18	
		Interest Expense	**18,686**			**35,277**		

			9/30/2020		9/30/2019	
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent	**(1,299,935)**	(7.52%)	**1,559,409**	7.91%
		Equity Attributable to Equity Holders of the Parent	**17,294,240**		**19,709,949**	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**(1,299,935)**	(6.47%)	**1,559,409**	6.82%
		Total Assets	**20,100,351**		**22,865,460**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**(1,299,935)**	(39.63%)	**1,559,409**	19.85%
		Total Revenues	**3,279,856**		**7,855,553**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**17,294,240**	14.07	**19,709,949**	16.51
		Outstanding Number of Shares	**1,229,342**		**1,194,128**	

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	09/30/2020	09/30/2019
1. Volume	**8,927**	11,749
2. Revenue	**4,377,627**	6,005,150
3. Net income	**494,261**	595,725

Seven Seas Group

In Thousand Pesos

	09/30/2020	09/30/2019
1. Occupancy rate	**25.6%**	50.7%
2. Hotel revenue	**366,079**	802,422
3. Gross operating profit (GOP)	**70,455**	357,812
4. GOP ratio	**19.2%**	44.6%
5. Net income (loss)	**(59,848)**	150,028

Occupancy rate is based on actual room nights sold over available room nights on a 9 - month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

A. Soriano Corporation has the following direct/indirect subsidiaries and associates as of December 31, 2020:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Ltd.	100%	Manpower Services	British Virgin Island
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	USA
Prople Limited	32%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	32%	Business Processing & Outsourcing	Philippines
AG&P International Holdings, Pte Ltd.	21%	Modular Steel Engineering / LNG Construction	Singapore
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
AFC Agribusiness Corporation	81%	Real Estate Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Summerside Corporation	40%	Holding Company	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines
Fremont Holdings, Inc.	26%	Real Estate Holding	Philippines
BehaviorMatrix, LLC	21%	Behavior Analytics Services	USA
ATRAM Investment Management Partners Corp.	20%	Asset Management	Philippines
KSA Realty Corporation	14%	Realty	Philippines

Anscor International, Inc.

Financial Statements

For the Years Ended December 31, 2020 and 2019

Prepared By:

SALOME BUHION

Approved By:

NARCISA VILLAFOR

ANSCOR INTERNATIONAL INC.
BALANCE SHEETS

		December 31		
		2020		2019
ASSETS				
Cash and Cash Equivalents	**$**	**8,318,202**	$	411,792
Fair Value Through Profit or Loss (FVPL) Investments (Note 5)		**34,734,216**		25,938,085
Receivables (Note 6)		**287,548**		92,835
Investments and Advances (Note 3, 4 and 6)		**-**		21,578,590
TOTAL ASSETS	**$**	**43,339,966**	$	48,021,302
LIABILITIES AND CAPITAL DEFICIENCY				
Liabilities				
Accounts Payable and Accrued Expenses	**$**	**1,699,570**	$	1,639,182
Due to Stockholder (Note 7)		**51,725,390**		49,789,522
Total Liabilities		**53,424,960**		51,428,704
Capital Deficiency				
Capital Stock		**1**		1
Deficit		**(10,084,995)**		(3,407,403)
Total Deficit		**(10,084,994)**		(3,407,402)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	**$**	**43,339,966**	$	48,021,302

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
		2020		2019
REVENUES				
Gain (loss) on increaase (decrease) in				
market value of FVPL investments (Note 5)	**$**	**13,220,451**	$	5,694,056
Interest income		**596**		1,642
Dividend income (Note 6)		**-**		-
Other income		**1,692,065**		1,704,806
		14,913,112		7,400,504
Operating expenses		**(224,489)**		(2,072,288)
Valuation allowances - net (Note 6)		**(21,366,215)**		(4,586,885)
NET INCOME		**(6,677,592)**		741,331
OTHER COMPREHENSIVE INCOME		**-**		-
TOTAL COMPREHENSIVE INCOME	**$**	**(6,677,592)**	$	741,331

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.

STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Capital Stock	Deficit	Total
BALANCE AT JANUARY 1, 2019	$ 1	($ 4,148,734)	($ 4,148,733)
Total comprehensive income for the year	-	741,331	741,331
BALANCE AT DECEMBER 31, 2019	1	(3,407,403)	(3,407,402)
Total comprehensive income for the year	-	(6,677,592)	(6,677,592)
BALANCE AT DECEMBER 31, 2020	**$ 1**	**($ 10,084,995)**	**($ 10,084,994)**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	**$ (6,677,592)**	$ 741,331
Valuation allowances - net	**21,366,215**	4,586,885
Gain on increaase in		
market values of FVPL investments	**(13,220,451)**	(5,694,056)
Interest income	**(596)**	(1,642)
Operating gain (loss) before working capital changes	**1,467,576**	(367,482)
Decrease (increase) in:		
FVPL investments	**4,636,695**	(3,214,091)
Receivables	**(194,713)**	345,732
Increase in accounts payable and accrued expenses	**60,388**	1,639,182
Net cash from (used in) operations	**5,969,946**	(1,596,659)
Interest received	**596**	1,642
Net cash flows from (used in) operating activities	**5,970,542**	(1,595,017)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from sale of long term investment	**-**	-
Net cash from investing activities	**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to stockholder	**1,935,868**	657,496
Net cash flows from financing activities	**1,935,868**	657,496
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,906,410**	(937,521)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**411,792**	1,349,313
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 8,318,202**	$ 411,792

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Anscor International was incorporated on April 2, 2004 in the British Virgin Islands (BVI) under the International Business Company Act. Cap. 291, primarily to buy, sell, underwrite, invest in, exchange or otherwise acquire, and to hold, manage, develop, deal with turn to account any bonds, debentures, shares, stocks, options, commodities, futures, forward contracts, notes or securities of governments, states, municipalities, public authorities or public or private limited or unlimited companies in any part of the world and to lend money either unsecured or against the security of any of the aforementioned property.

The registered office of the Company is at IFS Chambers, Road Town, Tortola, British Virgin Islands.

The Company is not required to file audited financial statements in BVI.

2. Basis of Preparation

Basis of Preparation
The Company financial statements have been prepared on a historical cost basis, except for securities available-for-sale (AFS) investments that have been measured at fair value. The accompanying financial statements have been prepared using the historical cost basis and are presented in US$, which is the Company's functional and presentation currency, and rounded to the nearest dollar, except otherwise stated.

3. Summary of Significant Accounting Policies

Investments in Subsidiaries and Associates
Investments in Subsidiaries
Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

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

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

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

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

Investments in Associates
Associates are entities over which the Company 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.

Investments in subsidiaries and associates are carried at cost, less impairment in value, in the financial statements. Dividends received are reflected as income in the statements of income.

The Company's subsidiaries and associates with the respective percentages of ownership as of December 31, 2020 and 2019 follow:

		Country of	**% Equity Interest**	
Name of Subsidiary/Associates	**Principal Activities**	**Incorporation**	**2020**	2019
IQ Healthcare Investments Limited (IQHIL))	Healthcare Services	USA	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Healthcare Services	USA	**93**	93
Prople Limited (Prople)	Business Processing Outsourcing	Hongkong	**32**	32
AGP International Holdings Pte Ltd. (AGP – SG)	Holding	Singapore	**21**	21
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	USA	**21**	21

<u>Fair Value Measurement</u>
The Company measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

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 Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVPL financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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

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.

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

Initial recognition and measurement of financial instruments
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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. Receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- Financial assets at amortized cost (debt instruments)

- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL

As at December 31, 2020 and 2019, the Company has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading, financial assets and financial liabilities designated upon initial recognition at fair value through profit or loss, or financial assets and liabilities mandatorily required to be measured at fair value. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also 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 FVPL, 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 FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a Company of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at December 31, 2020 and 2019, the Company has designated as FVPL all equity investments, amounting to $34.7 million and $25.9 million, respectively. No financial liability at FVPL is outstanding as at December 31, 2020 and 2019.

(b) Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the profit or loss. The losses arising from impairment of such financial assets are recognized as "Valuation allowances" account under "Other income (charges) - net" in the profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Company measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Company holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Company classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at December 31, 2020 and 2019, the Company has no FVOCI investments.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at December 31, 2020 and 2019, included in this category are the Company's accounts payable and accrued expenses.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized or removed from the balance sheet where:

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

When the Company has transferred its 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the profit or loss.

Impairment of Financial Assets
For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the balance sheet. The Company assesses that it has a currently enforceable right of 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 Company and all of the counterparties.

The following specific recognition criteria must be met before revenue is recognized:

Other Income
Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in the profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in the profit or loss for the year in accordance with PFRSs. Other comprehensive income of the Company pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and with 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 and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Impairment of Nonfinancial Assets
At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. 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 Company's of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 (or cash-generating unit).

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

Capital Stock
Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects of retrospective restatement recognized in accordance with the PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Provisions and Contingencies
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and 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 Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement. 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 assessments 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 an interest expense.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the Company financial statements as they become reasonably determinable.

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

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the company financial statements.

Determination of functional currency

The Company's functional currency was determined to be US Dollar ($). It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on 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 definition 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 balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at December 31, 2020 and 2019, the Company made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Estimates and Assumptions

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

Provision for expected credit losses of receivables

For the advances to related parties, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Company evaluates specific accounts where the Company has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Company's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received. There is no allowance for doubtful accounts as of December 31, 2020 and 2019.

Valuation of unquoted FVPL equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar

terms and risk characteristics; or

- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Company's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Company.

Unquoted FVPL equity investments amounted to $5.3 million and $2.6 million as December 31, 2020 and 2019, respectively.

Impairment of FVOCI debt investments
For FVOCI debt investments, the Company assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Company assesses whether the credit risk on that financial instrument has increased significantly since initial recognition.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

The carrying amounts of the investments amounted to nil and $21.6 million as at December 31, 2020 and 2019, respectively.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Fair Value Through Profit & Loss Investments (FVPL)

	2020	2019
Quoted equity shares		
Y-mAbs Therapeutics, Inc.	**$ 29,402,405**	$ 23,308,375
Unquoted equity shares		
Sierra Madre Philippines I L.P.	**2,797,707**	1,230,513
Navegar II L.P.	**1,485,473**	231,109
Navegar I L.P.	**448,631**	487,681
Medifi	**350,000**	350,000
Wholesome Spirits Inc.	**250,000**	-
Madaket, Inc.	**-**	330,407
	5,331,811	2,629,710
	$ 34,734,216	$ 25,938,085

The FVPL unquoted equity shares include the following:

a. In December 2015, IQHPC invested $1.0 million in Y-mAbs Therapeutics, Inc. (Y-mAbs), a clinical stage biotechnology company specializing in developing novel antibody therapeutics to treat cancer.

   On November 10, 2016, IQHPC made additional investments to Y-mAbs amounting to $0.75 million. In November 2016, IQHPC transferred all its investment of 399,544 shares of common stock in Y-mAbs to the Company.

   On January 6, 2017 and September 25, 2017, the Company made additional investment to Y-mAbs amounting to $0.3 million and S$1.0 million, respectively.

   On September 22, 2018, Y-mAbs was listed in NASDAQ. Prior to the listing, the Company acquired additional investments to Y-mAbs amounting to US$2.3 million.

   In 2020 and 2019, the Company recognized unrealized gain on fair value adjustment in its investment in Y-mAbs amounting to $12.8 million and $8.0 million, respectively.

b. In 2017, the Company entered into an equity investment agreement with Sierra Madre Philippines I LP (Sierra Madre), a newly formed private equity fund staffed by experienced local operators and private equity professionals. The fund will focus on providing growth capital to small and mid-sized Philippine companies.

   In 2020 and 2019, the Company made additional investments to Sierra Madre amounting to $$1.1 million and $0.9 million, respectively.

   The Company recognized gain on fair value adjustment of $0.5 million in 2020 and losses of $0.6 million in 2019.

c. In 2019, AI committed to invest US$10.0 million in Navegar II LP. AI invested $1.0 million and $0.2 million in 2020 and 2019, respectively.

   In 2020, AI recognized fair market value adjustment in its investment in Navegar II amounting to a gain of $0.3 million.

d. In March 2013, AI invested $0.6 million in Navegar I LP (Navegar), a limited partnership established to acquire substantial minority position through privately negotiated investments in equity and equity-related securities of Philippine companies that are seeking growth capital and/or expansion capital.
   In July 2017, AI invested additional $0.1 million.

   In October 2018, the disposal of Navegar's investments resulted to the return of capital and gain amounting to $0.3 million and US$0.8 million, respectively.

   The Company invested additional $0.1 million and $0.2 million in 2020 and 2019, respectively.

   In 2020 and 2019, AI recognized fair market value adjustment in its investment in Navegar I amounting to a loss of $0.05 million and $0.04 million, respectively.

e. In May 2017, the Company invested $1.0 million in equity shares at Madaket Inc., the owner of Madaket Healthcare. Madaket developed Electronic Data Interchange Enrollment, a service platform that automates healthcare provider data management processes in the United States.

   The Company recognized fair value adjustment in its investment in Madaket, Inc. amounting to a loss of $0.3 million in 2019.

6. Investments and Advances

	2020	2019
Investments in subsidiaries and associates		
AGP Group Holdings Pte. Ltd. – net of valuation allowance of $45.0 million and $23.4 million in 2020 and 2019	**$ -**	$ 21,578,590
BehaviorMatrix, LLC – net of valuation allowance of $6.8 million in 2020 and 2019	**-**	-
Prople Limited – net of valuation allowance of $5.3 million in 2020 and 2019	**-**	-
	$ -	$ 21,578,590

The significant transactions involving the company's investments in subsidiaries and associates for 2020 and 2019 follow:

AGP Group Holdings Pte. Ltd. (AG&P) (formerly AGP International Holdings Ltd., AGPI)
In December 2011, the Company entered into a subscription agreement with AGPI for $5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note.

The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the "conversion price"); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

AGPI is a BVI business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated (AG&P). AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries.

On June 28, 2013, the Company converted the $5.0 million Convertible Bridge Notes to 16.4 million Series B, voting preferred shares. On June 29, 2013, the Company signed a definitive agreement with AGPI amounting to $40.0 million for the subscription of 83.9 million Series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increased the Company's holdings to 27% giving the Company significant influence over AGPI.

In 2018, AGPI merged with AGP-BVI, its subsidiary, with the latter being the surviving entity. AI retained its 27% ownership in AGP-BVI and its preference shares were converted to common shares upon the merger.

On July 1, 2019, AGP-BVI entered into a share swap agreement with AGP-SG to make the latter the sole owner of the former.

On July 22, 2019, AGP-SG obtained additional equity investment from new investors which effectively decreased the Company's interest in AGP-SG from 27% to 21%. The Company assessed that it still has significant influence over the AGP-SG.

The principal place of business of AGP-SG is 600 North Bridge Road, Parkview Square, Singapore, while the principal place of business of AGP-BVI is Vantepool Plaza, 2nd Floor, Wickhams Cay 1, Road Town, Tortola, British Virgin Island.

The total cost of the investment in AGPI amounted to $45.0 million. The carrying value of the investment amounted to nil and $21.6 million as at December 31, 2020 and 2019, respectively.

BehaviorMatrix, LLC (BM)

In October 2011, the Company entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constitute 10% of the total Series A preferred units outstanding. In the first quarter of 2012, the Company's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's company. Predictive is a US-based early-staged technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the art mathematics, that allow it to measure and quantify emotions associated with digital content.

In July 2015 and March 2014, the Company made additional investment in Predictive amounting to $0.5 million and $1.0 million, respectively.

In March 2016, the Company invested an additional $0.437 million through a convertible note. In October 2016, Predictive merged with BM, its subsidiary, with the latter being the surviving company. As part of the restructuring of BM, the convertible notes and accrued interest were converted to equity on the same date and the Company invested an additional $0.814 million for a 20.5% shareholding in BM. The increased ownership allows the company to exercise significant influence over BM.

Prople Limited (Prople)

In November 2013, the Company invested in $4.0 million convertible notes to Prople Limited. In August 2015, the Company purchased Tranche C notes of Prople amounting to $0.5 million. These notes are convertible at the option of the holder into common shares of Prople. The interest is 5% for the first 3 years and if not converted on the 3rd anniversary of closing date (i.e., November 18, 2016, the conversion date), the interest will be the prevailing five year US Dollar Republic of the Philippines (ROP) plus 400 basis points or 7%, whichever is higher for the next two years.

In February 2016, the Company converted the notes to equity, giving the Company a 32% equity stake and significant influence over Prople.

7. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

In the ordinary course of business, the Company obtains cash advances from its shareholder, ANSCOR, to finance its working capital requirements and investments in various companies.

	Amount/Volume		Outstanding Balance			
	2020	2019	**2020**	2019	Terms	Condition
Anscor	**$1,935,868**	$657,496	**$51,725,390**	$ 49,789,522	Non-interest bearing	Unsecured

8. Financial Instruments and Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash, receivables, investments in unquoted equity securities, investments in mutual and hedge funds. The Company's other financial instruments include accounts payable, which arose directly from operations.

The Company's investment objectives consist mainly of:
a) maintaining a bond portfolio that earns adequate cash yields and
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. These risks are monitored by the Company.

The Company evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Company is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of an individual, counterparty or issuer being able to or unwilling to honor its contractual obligations. The Company is exposed to credit risk arising from the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Company does not have a counterparty that accounts for more than 10% of the company revenues.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Company transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Company ensures investments have ample liquidity to finance operations and capital requirements.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due.

Market risk
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Company. The Company is exposed primarily to the financial risks of changes in interest rates, foreign currency risk, and equity price risks.

Investments exposed to market risk are equity instruments, and mutual fund/hedge fund investments.

There has been no change to the Company's manner of managing and measuring the risk.

Capital management
The primary objective of the Company's capital management is to ensure an adequate return to its shareholder and to maximize its value to its shareholders. In pursuance of this goal, the Company establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Company establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

No changes were made in the objectives, policies or process for the years ended December 31, 2020 and 2019.

A. SORIANO CORPORATION

2020 SUSTAINABILITY REPORT

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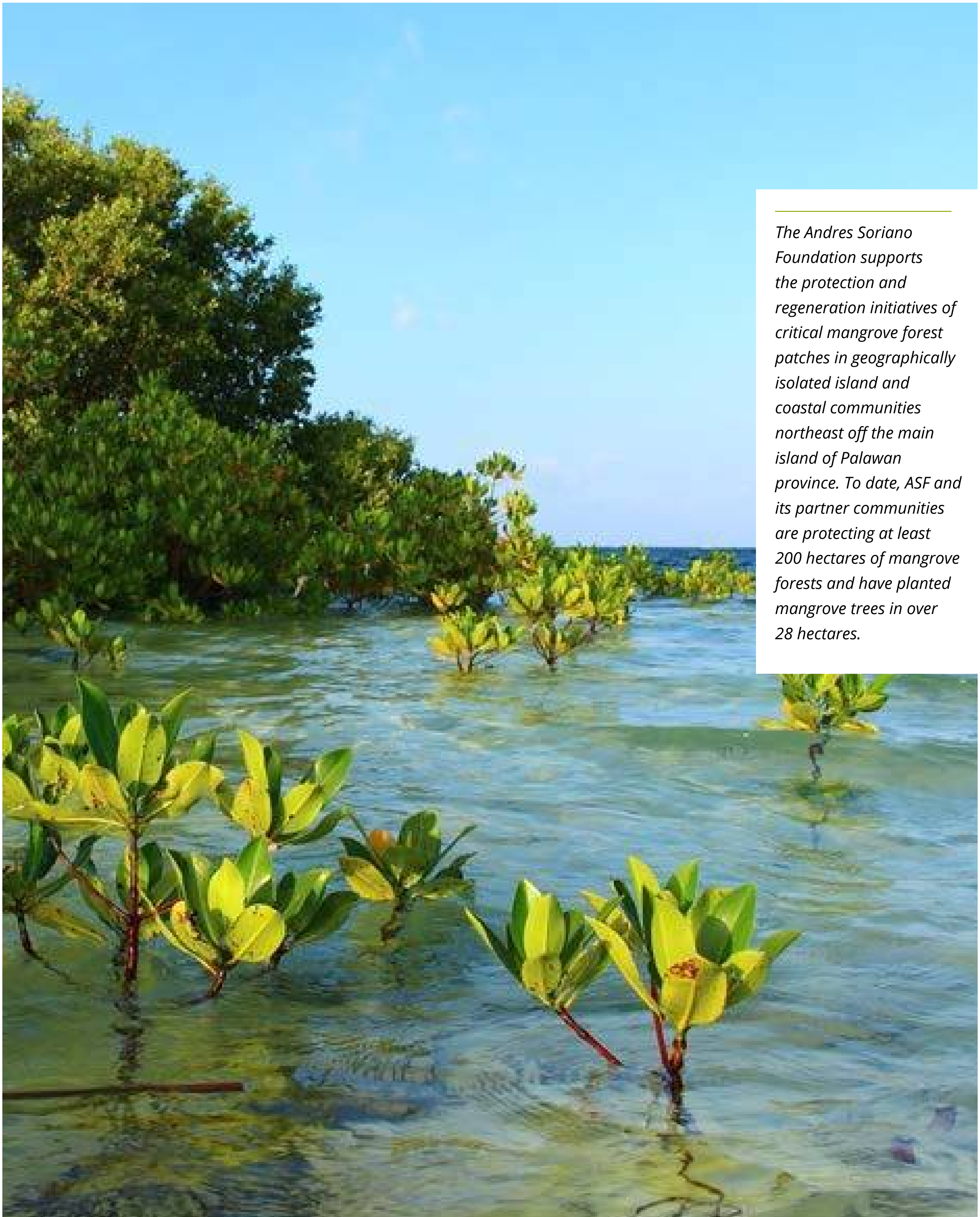
About this Report

102-50, 102-52, 102-54

This 2020 Sustainability Report (SR) discloses A. Soriano Corporation's financial and non-financial performance and includes in scope two of its subsidiaries, Phelps Dodge Philippines Energy Products Corporation (PDP) and Seven Seas Resorts and Leisure, Inc. (SSRLI), and its corporate social responsibility arm, The Andres Soriano Foundation (ASF), collectively the Anscor Group.

Anscor prepared this Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The reporting period covers January 1, 2020 to December 31, 2020, and follows the annual reporting cycle of the company.

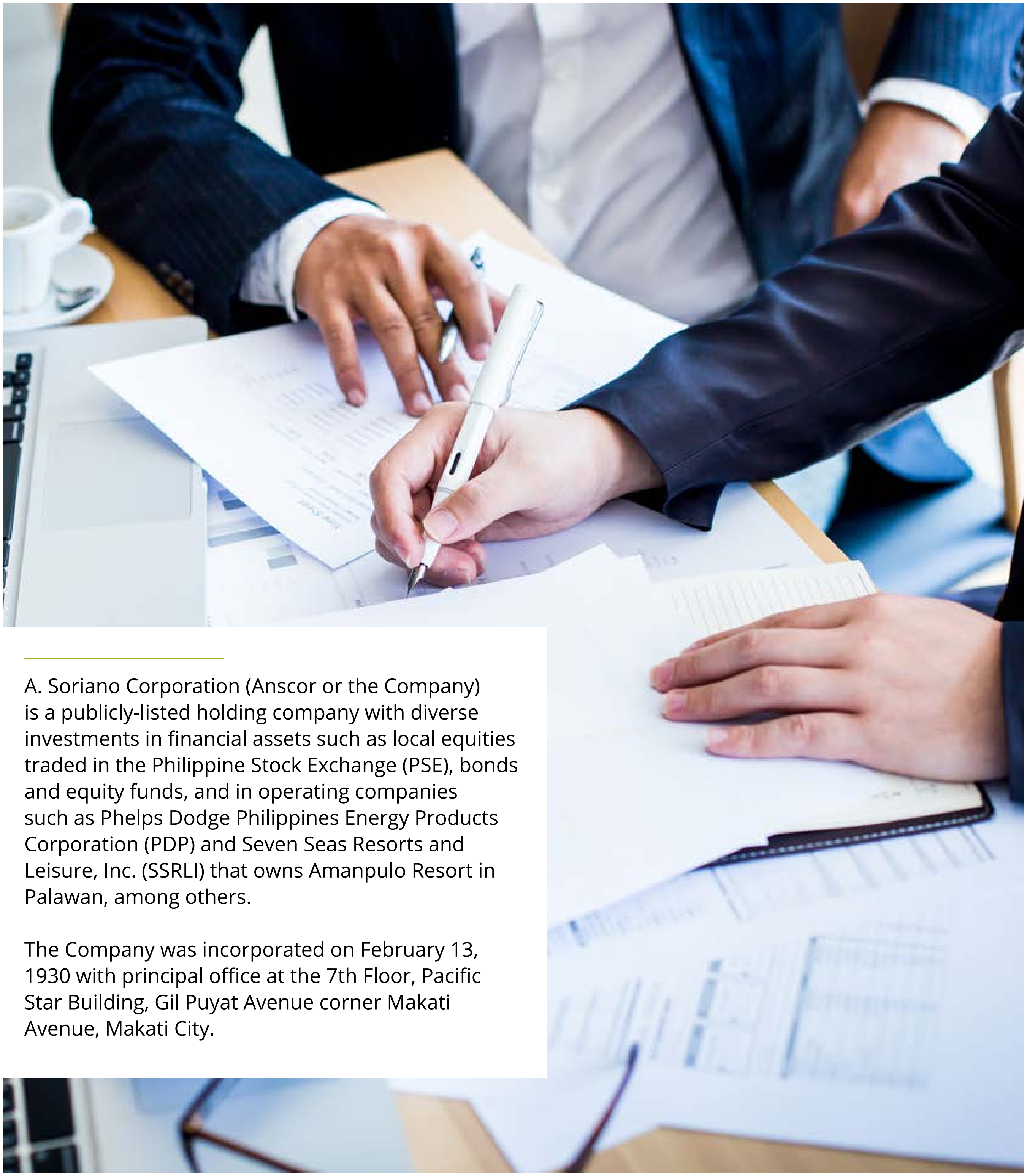


The Andres Soriano Foundation supports the protection and regeneration initiatives of critical mangrove forest patches in geographically isolated island and coastal communities northeast off the main island of Palawan province. To date, ASF and its partner communities are protecting at least 200 hectares of mangrove forests and have planted mangrove trees in over 28 hectares.

About the Company

102-1,102-3, 102-4, 102-5, 102-6, 102-7

A. SORIANO CORPORATION



A. Soriano Corporation (Anscor or the Company) is a publicly-listed holding company with diverse investments in financial assets such as local equities traded in the Philippine Stock Exchange (PSE), bonds and equity funds, and in operating companies such as Phelps Dodge Philippines Energy Products Corporation (PDP) and Seven Seas Resorts and Leisure, Inc. (SSRLI) that owns Amanpulo Resort in Palawan, among others.

The Company was incorporated on February 13, 1930 with principal office at the 7th Floor, Pacific Star Building, Gil Puyat Avenue corner Makati Avenue, Makati City.

SUBSIDIARIES IN THIS REPORT

102-2, 102-6

phelps dodge

PDP is the leading domestic integrated manufacturer of quality wires and cables. Its product line is composed principally of copper-based wires and cables, and aluminum wires, cables and accessories.

It is a wholly owned subsidiary of the Company. Its main office is on the second floor, BCS Prime Building, 2297 Chino Roces Avenue Extension, Makati City and its manufacturing plant is located in Luisita Industrial Park, San Miguel, Tarlac City.

AMANPULO

SSRLI owns the world-renowned Amanpulo Resort. The Company's holdings comprise 62% ownership of SSRLI. Managed by Aman, Amanpulo is located on a 92-hectare island called Pamalican in Palawan.

asf the andres soriano foundation

As the corporate social responsibility arm of the Company, ASF provides the infrastructure and tools to help local communities develop sustainably for self-reliance.

ASF's main office is located at the A. Soriano Aviation Hangar, Andrews Avenue, Pasay City. It has field offices in Barangays Manamoc and Cabigsing, both in Cuyo, and in Barangay Bancal, Agutaya, all in Palawan province.

STAKEHOLDER ENGAGEMENT

102-40, 102-42, 102-43, 102-44

At Anscor Group, the significant contributions and impacts of all stakeholders in its business operations are fully recognized. Thus, face-to-face communication and up-to-date engagement with its stakeholders on issues and concerns significant to them are important to the Anscor Group.

However, these engagement channels were disrupted in 2020 with the imposition of a nationwide lockdown due to COVID-19. The emergence of various online or digital platforms of communication and engagement strategies ensured that the Anscor Group's stakeholder relationships are maintained.

STAKEHOLDERS	KEY TOPICS & CONCERNS	THE GROUP'S COMMITMENT	ENGAGEMENT CHANNELS
STOCKHOLDERS	Effect of COVID-19 on the financial returns/ value of investments	• Made adjustments/ reallocation of investments when necessary to ensure continued viability of the business • An operational business continuity plan	• Reports on Company plans and targets during the period • Reports on actual status of the business during the 2020 Annual Stockholders Meeting conducted virtually
BOARD OF DIRECTORS	• Impact of COVID-19 on the business and the employees • Business Continuity Plan of each company in light of the disruption caused by COVID-19	• Met the challenges head-on	• Bi-weekly meetings to present week-on-week tactical plans in light of any business disruption • Monthly meetings to provide updated status of the business impacted by COVID-19

STAKEHOLDERS	KEY TOPICS & CONCERNS	THE GROUP'S COMMITMENT	ENGAGEMENT CHANNELS
CUSTOMERS/ GUESTS	• Availability of products, service quality and value • Guests' safety	• Regularly updated customers • Ensured safety of guests following the resort's safety protocol	• Since mobility was very limited during the lockdown period, various platforms of communication and engagement strategies such as virtual meetings, online advertisements and promotion were used to engage with customers and guests
SUPPLIERS/ CONTRACTORS	• Slowdown of revenues and concerns about safety	• Gave assurance that once the situation stabilizes, the company will resume business partnership with suppliers and contractors	• Virtual meetings and calls
EMPLOYEES	• Employment income, safety, security of tenure during the lockdown due to COVID-19	• Instituted work-from-home (WFH) arrangements for almost 90% to 95% of the employees at the height of the lockdown • Provided financial assistance to employees	• Family Council and Labor-Management Council • Monthly Town Hall Meetings • Bi-weekly and monthly field office staff virtual meetings • General Manager's Dialogue • General Staff Meetings • Management Team Meetings
NON-GOVERNMENT ORGANIZATIONS (NGOs)	• Collaboration and partnership for informed decisions especially applicable during the pandemic • Sharing of best practices on safety in the workplace, arrangement and schedule of office and field works, provision of health kits to employees • Funding leads and fund sourcing	• Established collaboration with various NGOs by way of sharing and learning best practices adopted during the pandemic • Sourced funds to help meet the needs of communities in preventing the spread of COVID-19 • Adopted best practice information technologies to communicate with employees, partners and donors	• Online platforms such as: Zoom/ Google Meet, emails and messaging • Regular attendance at NGO Network Meetings

STAKEHOLDERS	KEY TOPICS & CONCERNS	THE GROUP'S COMMITMENT	ENGAGEMENT CHANNELS
LOCAL COMMUNITIES	• Health, safety, livelihood income and protection of the environment	• Provided food packs to local communities, particularly to displaced workers during the lockdown period • Provided medical supplies and PPEs at the height of the lockdown to local schools, hospitals, rural health units and barangay health centers	• Face-to-face distribution of assistance following strict standard health protocols • Calls with the local government units, head of hospitals, municipal health officers, frontline health workers and school principals
GOVERNMENT (National and Local Levels)	**National** • Vigilance on new pronouncements of Regulatory Agencies on schedules, manner of filing of regulatory reports, filing of taxes • Awareness and regular updates of protocols issued by Inter-Agency Task Force on community quarantine and other directives **Local** • Awareness of the health and safety protocols implemented at the local level • Needs of LGUs in stemming the spread of COVID-19 in communities where Anscor Group has business presence • Compliance with LGU regulations affecting business operations	• Complied with regulatory requirements and protocols and guidelines imposed by the Inter-Agency Task Force on Emerging Infectious Diseases (IATF) and LGUs during the community quarantine • Supported LGUs by donating health and safety kits for its frontline health and safety workers	• Virtual Meetings • Calls • Online communication • Face-to-face turnover of in-kind donations of health kits and PPEs following standard health protocols

MATERIALITY ASSESSMENT

102-46

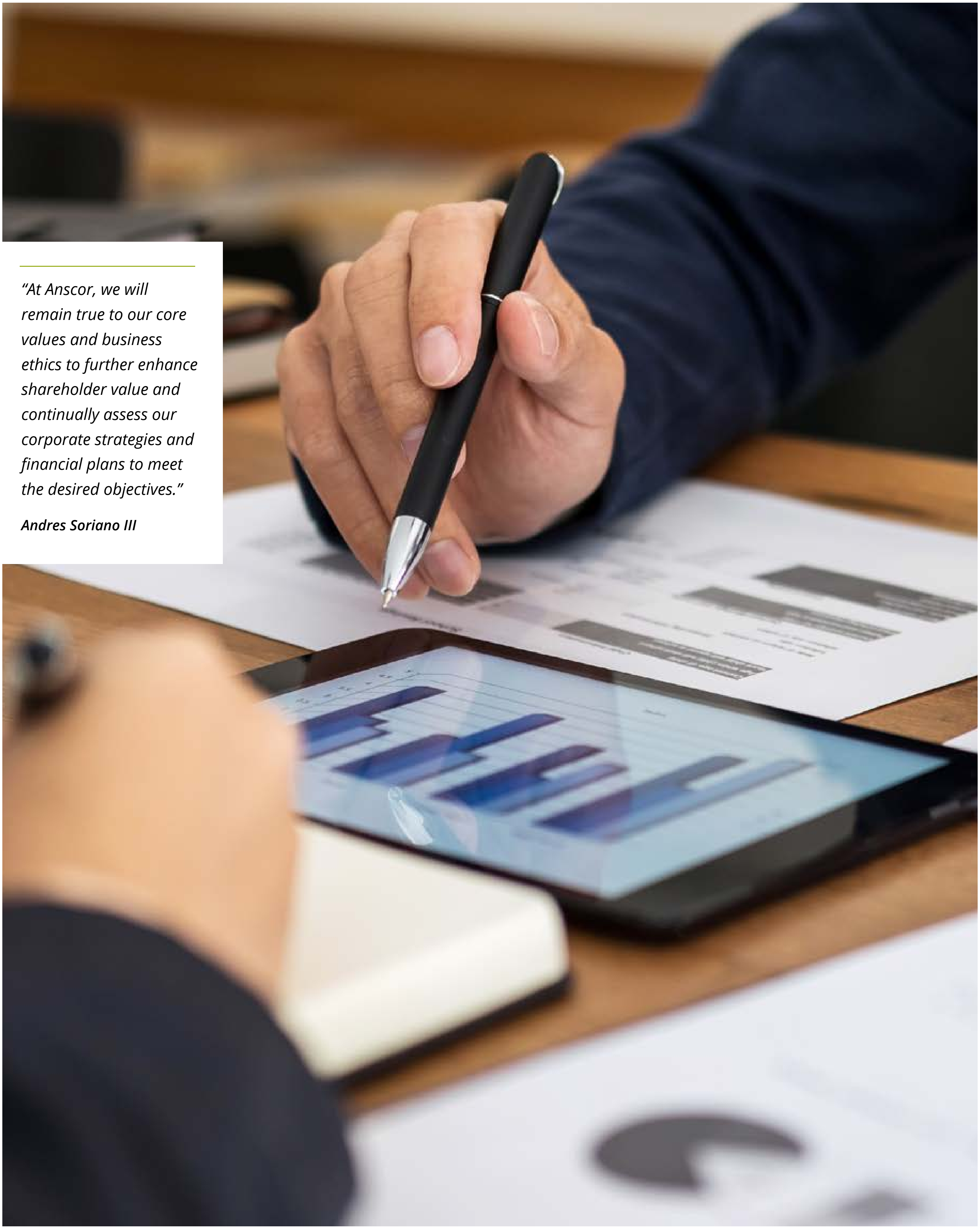
The SR Management Team re-assessed the material sustainability topics that are closely relevant to the operations of the Group and important to our stakeholders. The Team decided to retain the material sustainability topics included in the 2019 SR in order to report on the developments and achievements of the targets set during the period.

SUSTAINABILITY FRAMEWORK

102-47

PILLAR	ALIGNMENT WITH UN SDGs 2030	COMMITMENT	TARGET	IMPACT
Governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS	Effective, Transparent and Good Governance (Data Privacy, Environmental Compliance)	Compliance with Laws and Regulations	Harmonious Relationships with Regulatory Institutions
			Quality Assurance	Trusted Brand Retained Customers and Guests
Economic	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH	Balanced and Inclusive Growth (Economic Performance, Supply Chain)	Meet Expectations of Stockholders and Investors	Improved Investment Portfolio Regular Dividends/ ROI
			Inclusive Growth	All Stakeholders Receive Fair and Reasonable Share from Investments and Benefits
			Healthy Financials	Stabilized/ increased ROI Expand Business

PILLAR	ALIGNMENT WITH UN SDGs 2030	COMMITMENT	TARGET	IMPACT
Social	1 NO POVERTY 2 ZERO HUNGER 4 QUALITY EDUCATION 5 GENDER EQUALITY 6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 14 LIFE BELOW WATER 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS	Responsive Stakeholder Relationships (Employment, Health and Safety, Corporate Social Responsibility)	Meet Expectations of Stockholders and Investors	Balanced and Fair Return on Investment
			Build Loyalty of Suppliers and Contractors	Value-added Products and Services
			Satisfied and Happy Customers, Clients and Guests	Repeat Customers and Guests of the Products and Services
			Committed and Healthy Employees	Reduced Employee Turnover Increased Productivity
			Developed Local Communities	Empowered, Self-sustained and Healthy Local Communities
Environment	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND	Responsible Environmental Stewardship (Water Efficiency, Waste Management)	Judicious and Prudent use of Resources	Enhanced Ecosystem Resilience and Human Well-being



"At Anscor, we will remain true to our core values and business ethics to further enhance shareholder value and continually assess our corporate strategies and financial plans to meet the desired objectives."

Andres Soriano III

Chairman's Message

102-14

FORTITUDE IN CHALLENGING TIMES

Like all businesses, the Anscor Group had to weather the impact of the COVID-19 pandemic in 2020.

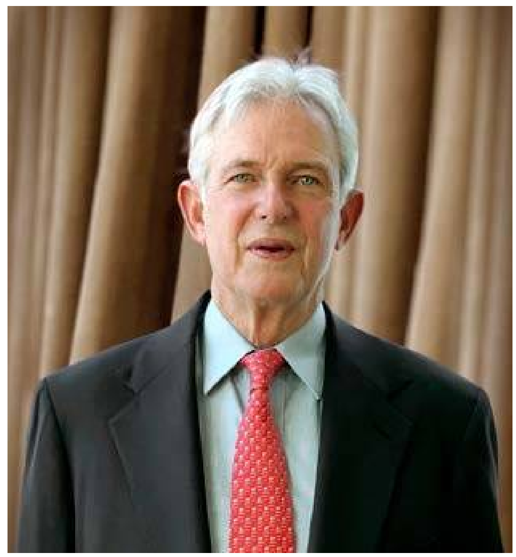
The Company quickly assessed the situation and took immediate action to protect and secure the safety and health of its employees and stakeholders, while activating business continuity steps that are compliant with the health and safety protocols imposed by the government.

The Anscor Group's Management's fortitude and collective efforts, together with our workforce and partners, are seeing us through these challenging and difficult times. Helping those affected, such as our employees and local communities, and supporting the frontliners and critical service workers best exemplify the commitment of the Company to its stakeholders.

These were the circumstances surrounding Anscor's second Sustainability Report.

A triple bottom line of people, profit and planet is what drives Anscor's sustainability. We draw our strength from the commitment and collaboration of our employees, stockholders, customers, suppliers and communities and from the timely response to social and environmental issues while remaining profitable and competitive.

Anscor's resiliency to withstand challenges in these uncertain times is evident through transparent and accountable governance in dealing with our stockholders, effective management of the direct and indirect impacts of the pandemic on the Company's value chain, steadfast commitment to provide support to surrounding communities affected by COVID-19, and undaunted efforts to protect the environment.



In achieving our vision, we at all times have been guided by our mission and values embedded in our corporate culture.

At Anscor, we will remain true to our core values and business ethics to further enhance shareholder value and continually assess our corporate strategies and financial plans to meet the desired objectives. We will do our utmost, continue to demonstrate fortitude, and foster solidarity with our stakeholders in these challenging times.

ANDRES SORIANO III
Chairman of the Board and President

Company Highlights

TRANSPARENCY & GOOD GOVERNANCE

- Each unit of the Anscor Group prepared and implemented its respective COVID-19 Management System for the safety of its stakeholders.
- The Annual Stockholders Meeting was held virtually for the first time, streamed live on social media and prominently posted on the Company's website for the information of stockholders and the public.
- No incidents or complaints were received by the Company or by its stock transfer agent for loss or breach of data in 2020.
- SSRLI/Amanpulo has not been involved in any environmental dispute nor has it been imposed with fines or administrative or judicial sanctions.

BALANCED & INCLUSIVE GROWTH

- As of December 31, 2020, the Anscor Group's (including subsidiaries and affiliates not covered in this Sustainability Report) consolidated revenues amounted to P6.9 billion with a net income of P165.6 million. Consolidated total assets stood at P21.6 billion.

RESPONSIVE STAKEHOLDER RELATIONSHIPS

- The Anscor Group is 100% compliant with all mandatory labor benefits required by law and also provides additional benefits that are above labor standards.
- On December 14, 15 and 16, 2020, PDP underwent a re-assessment audit of its Integrated Management System (IMS – ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007) by Certification International Philippines, Inc. (CIPI). The audit was done virtually via the Go-To-Meeting app and yielded zero non-conformity for all three systems.

ENVIRONMENTAL STEWARDSHIP

- No hazardous waste was treated on-site and no waste was shipped internationally.
- Total water consumption of Amanpulo in 2020 was lower by 10%, from the previous years' 192 mega liters to 172 mega liters.
- The water bottling facility of the resort is one of the few in all Aman properties and is the seventh water bottling facility in the Philippines that is already operational.

5 AWARDS & RECOGNITIONS

PDP

- PDP updated its certifications from the International Organization for Standardization and various other independent organizations: ISO 9001 for quality management system of PDP as a company, ISO 14001 for commitment to environmental compliance and responsibility, ISO 17025 for the accuracy of its Quality Assurance Laboratory, ROHS (Restriction of Hazardous Materials) by the European Union certifying that products are compliant and free from hazardous materials, lead-free, and environment-friendly; OHSAS 18001 for excellent safety and health management standards, and the Underwriters Laboratories (UL), USA product certification for its THHN/THWN-2 listed Building Wires, UL File No. E-54448.

Amanpulo (SSRLI)

- Amanpulo's ISO 22000:2018 Certification for its Food Safety Management System is on track to be obtained before the end of 2021.
- The Resort is among the "Top 10 Best Hotels and Resorts in the Philippines" in the DestinAsian Readers Choice Awards. Destination Deluxe handpicked Amanpulo as a finalist for "Private Island of the Year," while the Gallivanter's Guide UK named Amanpulo as "Best Ever Resort Hotel Worldwide."
- Amanpulo has earned top spots as the "World's Leading Dive Resort," "Asia's Leading Private Island Resort," the "Philippines' Leading Luxury Hotel Villa" and the "Philippines' Leading Private Island Resort" in the World Travel Awards 2020. Amanpulo Spa was named as the "Philippines' Best Resort Spa" for 2020 by the World's Spa Awards.

ASF

- In 2020, ASF was the first and only social welfare and development organization in the province of Palawan to be issued a permit to conduct nationwide fundraising campaigns under the Department of Social Welfare and Development's Memorandum Circular No. 17-2014 (Revised Omnibus Rules and Regulations on Public Solicitation) in relation to Presidential Decree No.1564 or the Solicitation Permit Law.

Corporate Governance:
Transparency & Good Governance

102-18

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

BOARD OF DIRECTORS

1 **ANDRES SORIANO III**
Chairman of the Board
and President

2 **EDUARDO J. SORIANO**
Vice Chairman

3 **ERNEST K. CUYEGKENG**

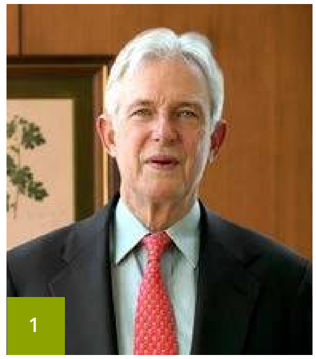
4 **JOHNSON ROBERT G. GO, JR.****

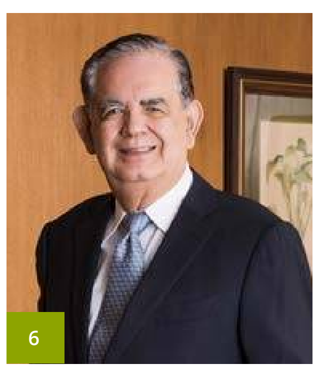
5 **OSCAR J. HILADO***

6 **JOSE C. IBAZETA****

7 **ALFONSO S. YUCHENGCO III***

** Independent Directors of the Company*
*** Non-executive Directors of the Company*





Executive Committee

Andres Soriano III	*Chairman*
Eduardo J. Soriano	*Vice Chairman*
Oscar J. Hilado	*Member*
Ernest K. Cuyegkeng	*Member*
Jose C. Ibazeta	*Member*

Audit Committee

Oscar J. Hilado	*Chairman*
Eduardo J. Soriano	*Member*
Jose C. Ibazeta	*Member*

Compensation Committee

Oscar J. Hilado	*Chairman*
Andres Soriano III	*Member*
Alfonso S. Yuchengco III	*Member*

Nomination Committee

Eduardo J. Soriano	*Chairman*
Oscar J. Hilado	*Member*
Alfonso S. Yuchengco III	*Member*

ELECTION OF DIRECTORS

Any shareholder may nominate Directors for election to the Board. Nominations may be sent to the Chairman or the Corporate Secretary no later than March 1 of every year or such other date as the Board of Directors may fix. Each nomination should include these information on the nominee:

- The name, age and address;
- The principal occupation or employment;
- The number of shares of stock of the Corporation beneficially owned by the nominee; and,
- Interests and positions held by each nominee in other corporations.

The Company may request for other pertinent information from the shareholder making the nomination. All nominations received are reviewed and evaluated by the Nominations Committee.

The Board may, by a majority vote, declare that a nomination was not made in accordance with the procedures, and/or that a nominee is disqualified for election as Director, in which case the nomination shall be disregarded.

The Directors are elected during the annual meeting of shareholders.

Every stockholder is entitled to vote such number of shares for as many persons as there are Directors. Or, he or she may cumulate the said shares and give one candidate as many votes as the number of Directors to be elected, multiplied by the number his or her shares shall equal. Or, he or she may distribute them on the same principle among as many candidates as he or she sees fit, provided that the total number of votes cast by the stockholder will not exceed the number of shares owned by him or her, multiplied by the whole number of Directors to be elected.

The candidates who receive the highest number of affirmative votes will be elected.

MANAGING CONFLICTS OF INTEREST

Anscor has a Policy on Material-Related Party Transactions that broadly covers the Company's Directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Company or its subsidiaries and affiliates, or if they are involved in deciding on or implementing contracts or transactions in which they are involved or in which they have an interest.

Directors and officers are required to declare and disclose any related-party transaction (RPT) and interest that they or any immediate family member may have in such RPT transaction. A related party shall abstain from attending and participating in deliberations that affect matters in which he or she has personal interest.

In general, all RPTs with value exceeding P5.0 million in a single transaction or in aggregate transactions within the last 12 months shall be disclosed to and evaluated by the Audit Committee for approval of the Board.

All individual RPTs shall be approved by at least a majority of the Board of Directors while material RPTs (involving an amount equivalent to at least 10% of the Company's total assets) shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT.

In case a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock of the Company.

Concerns about illegal, unethical or questionable material RPTs may be reported to the Chairman of the Audit Committee or the Compliance Officer of the Company. These reports will be treated confidentially and without risk of reprisal for the reporting person.

VIRTUAL ANNUAL STOCKHOLDERS MEETING

Every year, Anscor holds an Annual Stockholders Meeting (ASM) in order for the Chairman of the Company to report to the stockholders its performance in the preceding year and to elect members of the Board of Directors for the ensuing year, among other matters.

The ASM is typically attended by about 200 stockholders in a hotel ballroom with sit-down lunch provided to attendees.

With the community quarantine imposed by the government and considering the safety of its employees and its stockholders, Anscor conducted the ASM virtually. Registration to participate in the meeting was conducted online as well.

For the voting, the company provided two ways by which a stockholder who has registered for the virtual meeting may vote: (1) by providing a signed proxy, or (2) by voting through the company's Online Stockholder Voting System.

The ASM was likewise streamed live on social media and prominently posted in the company's website for ease of access of stockholders who may not have been able to register and for the general public.

QUALITY ASSURANCE

102-11

PDP

PDP's brand slogan is "One-time Investment. Lifetime Protection." Providing lifetime protection to consumers requires PDP to accelerate research, invest in high precision technology, train and equip its robust team and constantly upgrade processes and systems.

Mechanical test for tensile strength and elongation

Quality Assurance Systems and Processes

1

RESEARCH

Establish baseline data from different references and sources according to product demand, marketability, source of raw materials, viability and availability of skills set internally and externally, impact on environment and, capital requirement and profitability.

2

PRODUCT DEVELOPMENT

Prototype the product, test and retest to perfect the product. Establish a network of suppliers of raw materials and collaborate with partners for technology sharing.

3

STANDARDS ADHERENCE

Secure certifications from independent local and international organizations for standardization to ensure quality, safety, and efficiency of products, services, and management systems.

4

QUALITY ASSURANCE

Conduct as a final step, a series of tests in the PDP QA Laboratory before the product is distributed to the retailers and to the direct users. This series of tests includes: Dimensional Test, Flame Retardant Test, High Voltage Withstand Test, Insulation Resistance Test, Mechanical Test for Tensile Strength and Elongation, Conductor Resistance Test, Chemical Test, and Accelerated Heat and Oil Aging Tests.

State-of-the-art coiling and packaging machine

To emphasize the value of quality assurance, PDP has consistently updated its certifications from the International Organization for Standardization and various other independent organizations.

1. ISO 9001 – Certifies quality management system of PDP as a company.
2. ISO 14001 – Certifies PDP's strong commitment to environmental compliance and responsibility.
3. ISO 17025 – Certifies PDP's cutting-edge Quality Assurance Laboratory marked with integrity and credibility in rendering accuracy in product testing and procedures
4. ROHS (Restriction of Hazardous Materials) by the European Union that product outputs are compliant and free of hazardous materials, lead-free and environment-friendly.
5. OHSAS 18001 - Certifies that PDP adheres to excellent safety and health management standards.
6. Underwriters Laboratories (UL), USA – A product certification for its THHN/THWN-2 listed for Building Wires, UL File No. E-54448.

SSRLI

For Amanpulo, quality of service includes offering an excellent dining experience to its guests. To ensure food safety, Amanpulo initiated in 2019 the installation and implementation of its management system based on Hazard Analysis and Critical Control Points (HACCP) for hygienic safety of food products, which considers the entire supply chain: from the point of purchase to the guests as end-users.

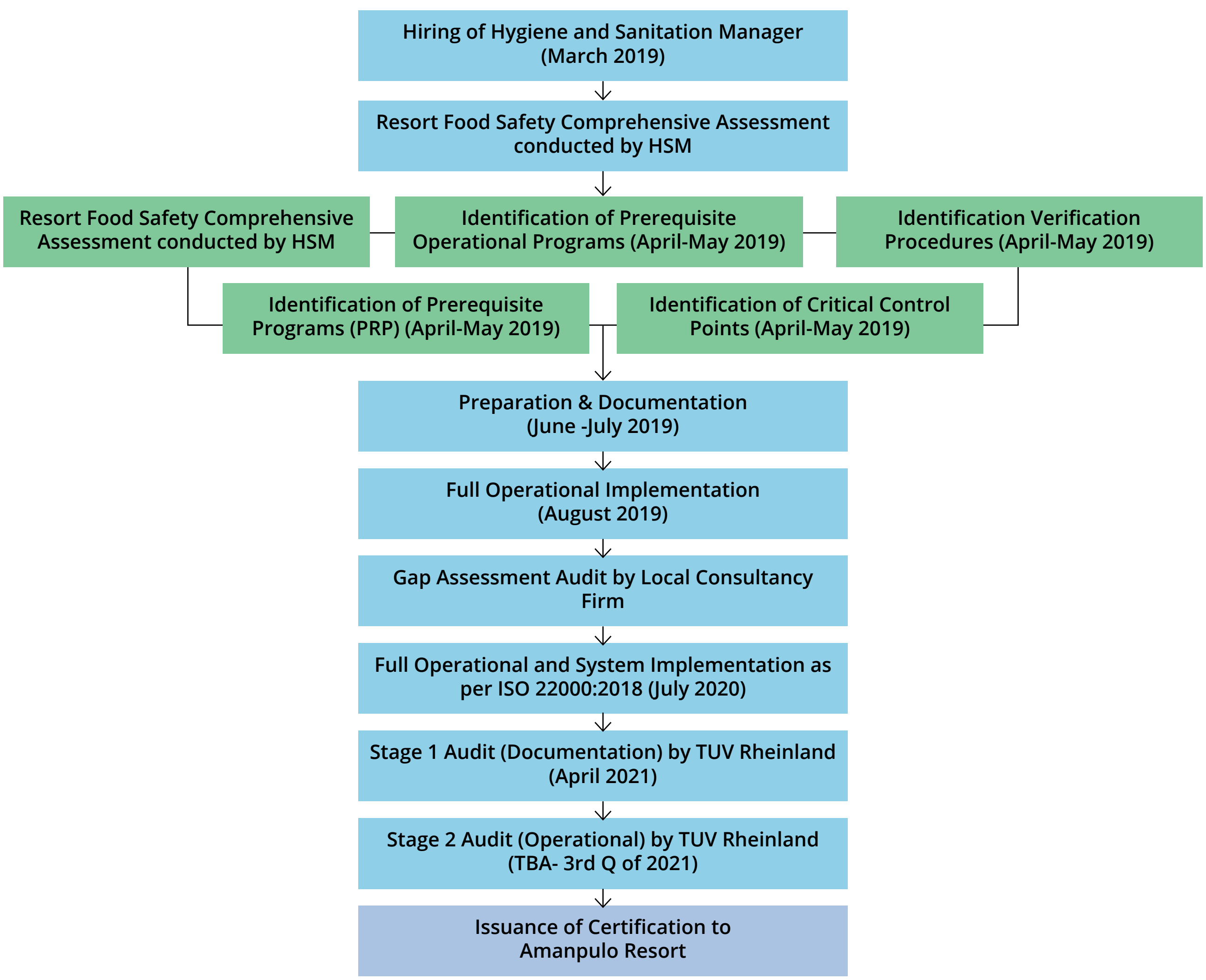
ISO 22000:2018

In 2020, Amanpulo applied for an ISO 22000:2018 for Food Safety Management System Certification. This food safety management system standard comes with very stringent requirements to eliminate the possibility of food poisoning that will negatively impact Amanpulo's brand and most especially, the health and safety of its guests and employees.

The certification covers all purchased, stored, processed and at point-of-service of food and beverage products in restaurants, private dining, indoor and outdoor functions/ events within the resort's premises.

International travel restriction due to COVID-19, however, stalled the processing of the certification. The company has already complied and submitted all the necessary requirements to the international certifying organization. Amanpulo's ISO 22000:2018 Certification is slated to be completed before the end of 2021.

ISO 22000: 2018 Food Safety Management System Certification Goal of Amanpulo Resort



COMPLIANCE WITH LAWS AND REGULATIONS

Data Privacy 103-1, 103-2, 103-3, 418-1

The Anscor Group remains committed to the data privacy of its stakeholders, which covers personal and business information of its stockholders, resort guests, suppliers, customers and personal and family data of community partners and beneficiaries. Likewise, the Anscor Group remains committed to implement the National Privacy Commission's Five Pillars of Data Privacy Accountability and Compliance.

With the increased focus on and preference for online transactions over in-person contact, Anscor installed additional protection to enhance its email security and protect further the privacy of its dealings with its stakeholders.

No incidents or complaints were received by the Anscor Group or by its stock transfer agent for any loss or breach of data in 2020.

Environmental Compliance

103-1, 103-2, 103-3, 307-1

PDP

PDP recognizes that consumers are increasingly aware of and motivated to purchase products from companies that strictly observe environmental compliance.

In conformity with Republic Act (RA) No. 9003 or the Solid Waste Management Act, a material recovery facility (MRF) was installed at the PDP Plant where solid wastes are classified and segregated according to type and disposal method.

PDP uses two disposal methods for non-hazardous wastes: recycling excess copper wires and aluminum and selling them to company-accredited third-party buyers and bringing other non-hazardous wastes to a Department of Environment and Natural Resources (DENR)-designated landfill.

Wastes classified as hazardous, such as those used to insulate electrical and cable wires composed of PVC insulation cuttings, oil filters and used oils from the plant's machines, are brought to a DENR-accredited treater, and disposed in a government-designated landfill. The company hires a DENR-accredited contractor to transport these wastes.

PDP established its environment management system to reduce the impact of its products on the environment and to protect the health of its staff and communities. Moreover, beyond compliance, the company has sought certification from independent international organizations for its system.

PDP is certified by the International Organization for Standardization (ISO) 14001 and has not been involved in any environmental dispute. Neither has it been fined nor imposed with any administrative or judicial sanctions.

PDP's Material Recovery Facility Area

The Eldan Recycling Machine that separates copper from plastic

The Stripping Machine that recovers copper from scrap big insulated cables

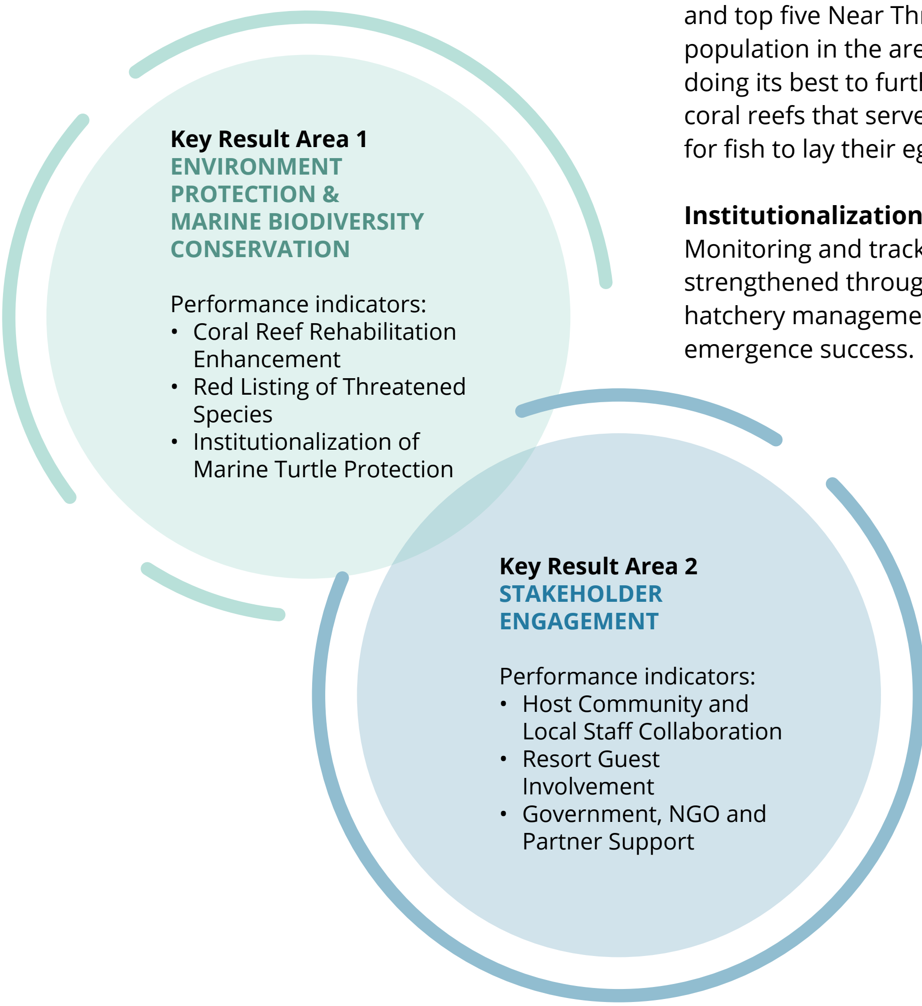
The PVC Granulator Machine granulates stripped and bled-out PVCs.

SSRLI

To sustain Pamalican Island's ecosystem, Amanpulo protects and conserves its natural integrity, which means holding land and aquatic activities that neither disturb nor negatively impact the island's rich biodiversity.

The island has nesting and feeding sites for sea turtles, various fish species and other marine and terrestrial vulnerable species. It is, therefore, Amanpulo's responsibility to be a tourism operator that balances achieving its revenue goal with protecting the environmental integrity of its surroundings. Through its Marine Conservation Initiative, it holistically protects the island's ecosystems consisting of terrestrial and marine life in their natural habitats, vis-à-vis having appropriate recreational activities allowable in specific sites to promote sustainable fishing and ecotourism practices.

Framework:
Marine Conservation Initiative



Key Result Area No. 1: Environment Protection and Marine Biodiversity Conservation

Coral reef rehabilitation and enhancement
The resort undertook a combined direct-to-reef coral planting and established coral nurseries to counter past impacts of the crown-of-thorns starfish (COTS) and to rehabilitate areas damaged by COTS, storm surges, fishing, anchors, and other factors.

Red listing of threatened species
The preliminary initiative started with identifying the conservation status of each species living within and around the area according to the International Union for Conservation of Nature (IUCN).

Based on the research conducted by Amanpulo's resident marine biologist, Pamalican Island has 51 fish families with 277 fish species. Of these 51 fish families, the top five most commonly and densely populated families have 152 species.

The study also revealed the top five Vulnerable Species and top five Near Threatened Species among the population in the area. With this awareness, the resort is doing its best to further protect its surrounding seas and coral reefs that serve as refuge, source of food and sites for fish to lay their eggs.

Institutionalization of marine turtle protection
Monitoring and tracking of individual turtles were strengthened through photo identification and improved hatchery management to increase hatching and emergence success.

The Pomacentridae fish family is the most densely populated fish family in Pamalican Island with 48 species. In the photos are the top nine Pomacentridae species found in Pamalican Island.

Key Result Area No. 2: Stakeholder Engagement

Host community and local staff collaboration
Amanpulo proactively engages different stakeholders to positively impact the social, economic and environmental development within the community where the resort operates. The resort also helps promote the local culture and taps local environmental knowledge and best practices in implementing its initiatives.

Resort guest involvement
Information and education campaigns are implemented to promote responsible tourism, encouraging guests to participate in citizen science and partnering with them in environmental monitoring by submitting photos of wildlife encountered during recreational activities.

As part of its environmental awareness campaign, the resort invites its guests to join the release of turtle hatchlings to the sea.

Government, NGO and partner support
The resort from time to time consults with DENR on marine science, particularly, coral reef improvement. Amanpulo will also work closely with ASF, its partner NGO, to prepare the plan for reef check monitoring and fish visual census scheduled in the first quarter of 2021. ASF's technical staff and community volunteers will assist in the activity.

SSRLI/Amanpulo has not been involved in any environmental dispute nor has it been imposed with fines, or administrative or judicial sanctions in 2020.

Resort guests and staff joined the release of turtle hatchlings in December 2020.

PAMALICAN ISLAND
PROTECTING ENDANGERED MARINE LIFE

Since the opening of the resort in 1993, there have been two species of marine turtles recorded, the hawksbill and the green sea turtle. In 2020, a third species was recorded to be nesting in the island and one clutch emerged to be that of an olive ridley sea turtle. This is the first recorded nesting and hatching of such species in the island.

Of the three specie-residents of the island, the hawksbill sea turtle is classified as critically endangered while the other two are now considered as endangered species.

In 2020, the resort collected 861 turtle eggs from nine nests in five different nesting sites and recorded five nesting mothers out of the nine nests.

Of the 861 eggs laid during the period, 506 or 57% of hatchlings emerged and were released to the sea. This is an improvement compared to the previous year's 28% emergence success rate. The resort installed a hatchery management program to protect the hatchlings and improve their survival rate.

Also known as the coral bee, the hawksbill sea turtle increases coral diversity and the overall structure of the reef's ecosystem, keeping it healthy while maintaining its biodiversity. It also allows other marine inhabitants to share its food while it feeds. This generous feeder has a decreasing population.

Also known as the seafloor mower, the herbivore green sea turtle grazes on seagrass and algae on the seafloor that helps maintain the seagrass beds' overall good health. This keeps the Philippine seafloor healthy to fight climate change. Its byproducts feed the other marine inhabitants. The digested seagrass becomes recycled nutrients important to shrimp, crab and sea cucumber. Sadly, their population is decreasing.

Also known as the keeper of healthy shores, eggshells of the olive ridley sea turtle are good for the beach and provide nutrients to the sand, with its own animals living between the grains and nearby plants along the shore.

Economic:
Balanced & Inclusive Growth

102-45, 103-1, 103-2, 103-3, 201-1

8 DECENT WORK AND ECONOMIC GROWTH

With uncertainties due to the COVID-19 pandemic, the Anscor Group kept a tighter watch on its portfolio of investments and businesses by closely monitoring targets and performance with frequent meetings of various management committees of each of the companies in the Group.

As a result, the Anscor Group (including subsidiaries and affiliates not covered in this Sustainability Report) ended 2020 with a consolidated net income of P165.6 million with total revenues amounting to P6.9 billion. Consolidated total assets of the Group stood at P21.6 billion.

Direct Economic Value Generated and Distributed*
(In Million Pesos)

	2020	2019	2018
Direct Economic Value Generated	6,883.7	10,695.4	9,781.0
Direct Economic Value Distributed			
a. Operating Costs	5,830.8	7,656.9	8,057.5
b. Employee Wages & Benefits	430.4	533.4	530.2
c. Dividends given to Stockholders and Interest Payments to Loan Providers	962.0	663.8	681.5
d. Taxes given to Government	364.2	484.6	395.3
e. Investments to Community	10.0	9.6	6.6
Total of Direct Economic Value Distributed	7,597.4	9,348.3	9,671.1
Economic Value Retained	-713.7	1,347.1	109.9

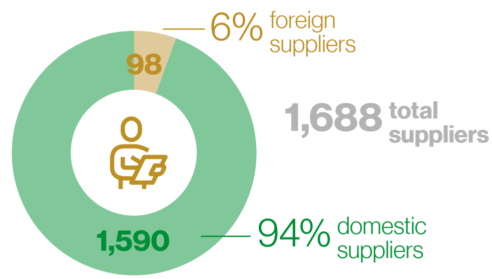
** The data presented are derived from the Audited Consolidated Financial Statements of A. Soriano Corporation for the period 2020, in accordance with relevant Philippine Financial Reporting Standards, and include the following subsidiaries: A. Soriano Air Corporation, AFC Agribusiness Corporation, Anscor Consolidated Corporation, Anscor Holdings, Inc. (AHI), Anscor International, Inc., Island Aviation, Inc., Minuet Realty Corporation, Pamalican Resort, Inc., PD Energy International Corporation, Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products Corporation, and Seven Seas Resorts and Leisure, Inc.*

SUPPLY CHAIN

102-9

Amanpulo

Amanpulo engages foreign and domestic suppliers for the goods and services needed by the resort such as fuel and oil, food and beverage, linens, toilet and bath and cleaning detergents, and medical supplies, among others.



01

Each department assesses and prepares an inventory of its supply needs and requirements each month.

02

A request for supply replenishment is prepared and submitted to the Office of the Comptroller for approval.

03

The Purchasing Department reviews the needed supplies then contacts the various suppliers who can provide the best quality and good price for the requested products and services, and purchase orders are then placed.

04

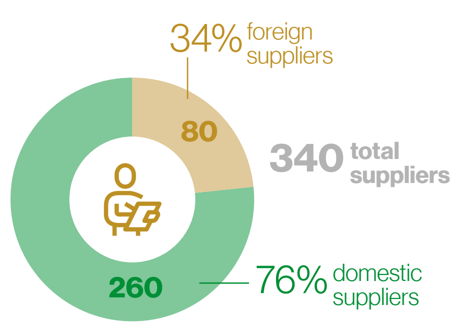
At least twice a year, Amanpulo's Purchasing Department holds face-to-face and online meetings with the suppliers to update them of regulatory requirements of the government (BIR, DTI, Customs, etc.) and of the company.

05

For 2020, the estimated monetary value paid to suppliers amounted to P120.6 million.

PDP

PDP maintains foreign and local suppliers who provide a wide variety of goods and services to the company, ranging from machineries and its spare parts, raw copper, and special alloys to the usual office supplies, employees' uniforms, and PPEs for plant workers, among others.



Total estimated value paid to suppliers in 2020 amounted to P6.02 billion. These suppliers strictly adhere to the company's standards and comply with applicable government laws and regulations, such as submission of legal documents as proof of its legal existence and audited financial statements to establish the company's financial viability. PDP also assigns a team to assess the capability and product quality of its suppliers.

Social: Responsive Stakeholder Relationships

INFORMATION ON EMPLOYEES AND WORKERS

102-8

Distribution of Employees by classification per Company

a. Distribution of Employees by Employment Contract/by Gender

Company	Permanent		Temporary		Total
	Female	Male	Female	Male	
Anscor	11	10	0	0	21
PDP	52	219	6	218	495
SSRLI/Amanpulo	88	277	18	28	411
ASF	7	3	3	7	20
Total	**158**	**509**	**27**	**253**	**947**

b. Distribution of Employees by Employment Contract/by Region

Company	Permanent				Temporary				Total
	NCR	Luzon	Visayas	Mindanao	NCR	Luzon	Visayas	Mindanao	
Anscor	21	0	0	0	0	0	0	0	21
PDP	42	219	5	5	9	215	0	0	495
SSRLI/Amanpulo	86	254	19	6	32	12	1	1	411
ASF	3	7	0	0	3	7	0	0	20
Total	**152**	**480**	**24**	**11**	**44**	**234**	**1**	**1**	**947**

c. Distribution of Employees by Employment Type/by Gender

Company	Full-time		Part Time		Total
	Female	Male	Female	Male	
Anscor	11	10	0	0	21
PDP	52	219	6	218	495
SSRLI/Amanpulo	88	277	18	28	411
ASF	9	9	1	1	20
Total	**160**	**515**	**25**	**247**	**947**

The Anscor Group has workers who are not employees but render service or work that is not essential or directly related to its businesses. These include, among others, janitorial and security services commonly contracted to third parties.

The Anscor Group ensures that these third parties comply with the Labor Code and its rules and regulations.

The number of workers in Amanpulo varies due to the seasonal nature of its operation, where the number of guests drops considerably from June to October.

All of the above information are actual data compiled from the manpower roster and 201 files of the Anscor Group.

EMPLOYMENT

102-7, 103-1, 103-2, 103-3, 401-1, 401-2

PDP

PDP's HR Department handles the hiring of employees. Job portals and online platforms may be used to invite applicants, while factory workers are usually sourced from third-party contractors. The hiring process normally includes an in-person initial interview and examination, plus a final interview. But with the pandemic, all of these processes are being conducted online. New hires observe a six-month probationary period, after which they become regular employees once they pass the evaluation conducted for regularization.

PDP is 100% compliant with all the mandatory benefits required by law. Aside from the mandatory benefits, PDP also provides other benefits.

PDP New Employee Hires

		Total	
		2020	2019
By Age Group	18 years old and below	0	0
	19-30 years old	11	24
	31-40 years old	7	7
	41-50 years old	1	1
	51 years old and above	0	0
By Gender	Male	16	25
	Female	3	7
By Region	NCR	2	7
	Central Luzon	14	25
	Region 4A	2	0
	Region 10	1	0

PDP Employee Turnover

		Total	
		2020	2019
By Age Group	18 years old and below	0	0
	19-30 years old	5	3
	31-40 years old	1	2
	41-50 years old	2	12
	51 years old and above	0	0
By Gender	Male	6	8
	Female	2	9
By Region	NCR	5	13
	Central Luzon	3	4

In 2020, eight employees resigned from PDP, 47% lower from the previous year's 17 employees. Reasons for resignations included a decision to transfer to another company or non-regularization.

Amanpulo

The resort has 411 personnel and staff who work around the clock to respond to every need of its guests. In 2020, Amanpulo had 33 new hires compared to the previous year's 36. On the other hand, its employee turnover was mainly attributed to the decision of employees mostly from National Capital Region not to comeback after almost four months of lockdown. The resort's benefit policies provide its full-time employees with additional company benefits on top of the benefits mandated by labor laws.

Amanpulo New Employee Hires

		Total	
		2020	2019
By Age Group	18 years old and below	0	0
	19-30 years old	16	23
	31-40 years old	11	10
	41-50 years old	5	1
	51 years old and above	1	2
By Gender	Male	20	15
	Female	13	21
By Region	Mimaropa	12	4
	NCR	17	31
	Expat	4	1

Amanpulo Employee Turnover

		Total	
		2020	2019
By Age Group	18 years old and below	0	0
	19-30 years old	25	23
	31-40 years old	28	25
	41-50 years old	4	1
	51 years old and above	4	3
By Gender	Male	38	17
	Female	23	35
By Region	Mimaropa	14	11
	NCR	44	36
	Expat	3	5

STAKEHOLDERS' HEALTH AND SAFETY

103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

The COVID-19 pandemic presented a grave challenge for many companies. A core strategy of the Anscor Group is to protect the health and safety of all stakeholders. Anscor continues to ensure that not only are its employees safe in their workplace, but also that its customers and other stakeholders, particularly its stockholders, are safe in their contacts and dealings with the company.

As a publicly-listed holding company, Anscor has 11,000 stockholders, many of whom contact the company for questions or requests on their stockholdings. Many stockholders are senior citizens, who are considered a high-risk group for COVID-19. Other dealings with non-employees in the company's premises include official business or meetings with guests and deliveries of parcels and documents from messengers and other logistics personnel.

Online and phone inquiries and virtual meetings are encouraged and preferred. To ensure the safety of those who need to visit the office, the following measures are implemented:

- Automatic (sensor sensitive) alcohol dispenser at reception area
- Temperature checking

- Frequent daily cleaning and sanitation of workplace and once-a-month deep cleaning and sanitation by a third-party contractor
- Wearing of masks and face shields
- Social distancing
- Accomplishing a health declaration form for contact tracing purposes
- Disinfection of parcels and documents from outsiders

To date, no guests or visitors have reported contracting COVID-19 after visiting the company's office premises.

To prevent transmission of COVID-19 in the workplace, Anscor immediately instituted the following health and safety protocols for employees:

- Temperature checking was made mandatory before entering the workplace.
- Automatic alcohol dispensers were installed.
- All employees were regularly provided with alcohol, masks and face shields for free.
- A Work-from-home (WFH) schedule was implemented.
- Transportation was provided to employees for free.
- Social distancing was required in the workplace.
- Frequent handwashing and good hygiene practices were promoted.
- Work areas were cleaned and sanitized daily. Monthly deep cleaning and disinfection were done by a third-party contractor.
- A quarterly swab (RT-PCR) test was provided for free.

Employees continued to receive their salaries and benefits during the enhanced community quarantine (ECQ) or lockdown to ensure financial stability in their respective households.

PDP

PDP is OHSAS 18001-certified, which demonstrates that the company has an excellent occupational safety and health management system in place.

Notwithstanding the mobility restriction due to COVID-19, auditors from the Department of Labor and Employment (DOLE) conducted a routine inspection at its Tarlac Plant to check the company's level of compliance with Occupational Health and Safety standards set by the government. The Notice of Compliance was released in early January 2021.

Fire and earthquake drills were cancelled this year due to the COVID-19 quarantine restrictions imposed by the government

Temperature checking, a requirement before entering the workplace.

COVID-19 Response Services

- When the entire Luzon was placed under an Enhanced Community Quarantine on March 17, PDP's Makati office operationalized its WFH arrangement.
- PDP Tarlac's employees were advised to stay at home in compliance with government guidelines.
- Select Team Leaders were appointed to routinely oversee and check the plant, particularly doing weekly machine warm-up.
- Different platforms were used for meetings. WFH employees remain productive, morale is high, and developments are monitored.
- Cash management became a priority.

Upon resumption of plant operations in Tarlac in May 2020 and in the Makati office in June 2020, the company observed the following:

- Ensured compliance with health standards as mandated by the Department of Health and DOLE
- Finalized protocols and conducted employee orientation on the Company's COVID-19 response, which included:
  - ✓ Employee profiling: health survey and screening
  - ✓ Stocking and distributing PPEs: face masks, gloves, face shield, etc.
  - ✓ Buying and conducting rapid tests for employees as needed

- ✓ Identifying relevant health institutions for immediate health needs
- ✓ Finalizing work schedule: shifting and WFH arrangement, including checking of available resources and shuttle service
- ✓ Regularly disinfecting offices and plants

557 Rapid Tests | **23** PCR Tests
Administered to employees

13,500 Face Masks | **9,000** Face Shields
Provided to clients and hardware stores

Training

The Company annually conducts trainings for employees on company safety policies and standards. In 2020, 814 hours were dedicated for various safety and health trainings. These included:

Module Number	Module Title
MODULE 1	Introduction to OSH
MODULE 2	General Concepts on OSH
MODULE 3	Basic Safety Rules and Measures for Workplace Hazards
MODULE 4	Application of Hazards Identification, Risk Assessment and Control (HIRAC)
MODULE 5	Workplace Emergency Preparedness
MODULE 6	Compliance with Administrative OSH Requirements
	Health and Wellness Lifestyle at home and workplace (COVID-19–related)

SAFETY RECORD

Based on the Safety Record and Report of PDP for its employees, no fatality occurred during the reporting period, although incidents were recorded in January 2020 involving a contractual personnel, and in July 2020 involving an operator, both of whom did not follow standard operating procedures. Appropriate actions were taken and the incidents were relayed to other workers as a reminder of the importance of following safety practices on the shop floor.

		Fatality Occurrence	Incidence of high consequence work-related injury	Rate of high consequence work-related injury*
Work-related Injuries	Company Employees	0	1	1.77
	Third-Party Workers	0	1	1.57
Work-related Ill Health	Company Employees	0	0	0
	Third-Party Workers	0	0	0

Company Employees | Third-Party Workers

** The rate of high-consequence work-related injuries (excluding fatalities) was calculated based on the following formula: 1 (incident)/565,902 (man-hours) x 1,000,000 (hours worked). For Third-party workers, the rate of high-consequence work-related injuries (excluding fatalities) was calculated based on the following formula: 1 (incident)/635,492 (man-hours) x 1,000,000 (hours worked).*

ISO Certification

In December 2020, PDP underwent a re-assessment audit of its Integrated Management System (IMS – ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007) by Certification International Philippines, Inc. (CIPI).

The audit was done virtually via the Go-To-Meeting app and yielded zero non-conformity for all three systems.

PDP will also shift from OHSAS 18001 to ISO 45001 in 2021.

SSRLI

Amanpulo instituted the following COVID-19 protocols to ensure the health and safety of its employees and its guests:

For Manila-Hired Employees:

- Incoming staff are advised to limit their movement outside of their homes 14 days before their scheduled flight to the island. This is to minimize the possibility of them being infected with the virus before arriving at the island.
- Strict adherence to COVID-19 sanitation recommendations such as wearing masks and face shields, frequent washing of hands, and physical distancing, have been emphatically recommended.
- All staff are required to undergo a five-day quarantine either at home (for those who have their own private transport) or at the allocated quarantine area at our Manila Lounge, before taking the RT-PCR test. This is to guarantee the integrity of the test as it could take five to seven days after a person gets infected before the RT-PCR test would be able to detect viral particles in that particular person's specimen.
- Quarantine still continues after the swabbing until the receipt of the result of the RT-PCR test, which usually takes one to two days.
- Only upon the receipt of a negative RT-PCR result will an employee be allowed to take the scheduled flight to the island.
- On the day of departure to the island, even with a negative RT-PCR test, the employee still has to undergo a medical examination conducted by the doctor at the medical lounge to check for signs and symptoms of the viral illness. Anyone manifesting fever, coughing, wheezing, congestion in the naso-pharyngeal area, anosmia, dysgeusia, diarrhea, weakness, or any sign or symptom which could be attributed to the SARS-CoV2 virus, in spite of a negative RT-PCR test, is not allowed to take the flight.
- An assigned team uses ultraviolet light to disinfect all items an employee will bring to the island. Simultaneously, the employee undergoes a medical examination. Should the employee pass the medical examination, all items are delivered inside the Lounge to be ready for loading on the plane.
- Once on the island, the employee is required to wear a face mask and a face shield at all times for 14 days, except when eating at the cafeteria.

For Locally-Hired Employees:

For Manamoc Employees

- In coordination with the island of Manamoc's barangay officials and because of their commitment to prevent the introduction of the virus in their community, Amanpulo has kept a travel bubble between the islands of Manamoc and Pamalican.
- Any staff from Manamoc returning to work in Pamalican Island, is required to undergo a physical examination by the company physician and take an antigen test at the Staff Check upon arrival on the island. Normal physical examination results together with a negative antigen test would allow the staff to enter the island and report back to work.
- In case an employee tests positive to the antigen test, a confirmatory RT-PCR test is conducted. While waiting for the result which could take 24 to 48 hours, the person who tested positive together with all the staff he or she was with on the boat going to Pamalican is asked to return to Manamoc for isolation and will remain in isolation for 14 days should the RT-PCR test turn out to be positive.
- A negative RT-PCR test allows the antigen-positive person and his/her companions to go back to the island to report back to work.

A trained resort staff assigned at the entrance of the Amanpulo Pasay Medical Clinic takes the temperature of every guest before an antigen test is conducted to validate the online negative PCR Test result.

For Concepcion, Algeciras, and Cuyo Island Employees:

- An employee coming from these islands is required to undergo a physical examination by the company physician and take an antigen test.
- With a negative antigen test result, the employee is still required to undergo a seven-day quarantine at the Pilot cottages followed by a RT-PCR test (at the end of the seven-day quarantine).
- With the receipt of the negative RT-PCR test result after 24 to 48 hours, the employee is allowed to enter the back-of-the-house and resume work.

For Guests coming from Manila:

Arrival

- To facilitate contactless check-in, guests are requested to email the reservations team at the resort at *amanpulores@aman.com* their online registration form and copies of their IDs before their scheduled flight to the island.
- International guests have to follow the guidelines as directed by the Philippine government, among which are to secure a quarantine hotel and take a PCR swab test upon arrival in the country.
- All domestic and international guests must email the reservations team at the resort their negative COVID-19 PCR test results at least eight hours before their stay in Amanpulo. The test must be taken in Manila no more than 48 hours before their flight to the island.
- Guests from within the National Capital Region who are 14 years old and below have the option to take the COVID-19 antigen swab test in the private Manila Lounge. However, to eliminate the 30-minute waiting time for the results, guests may present negative COVID-19 antigen swab test results done in their preferred testing facility on the same day as their flight or submit a negative COVID-19 PCR test result with the same conditions as the above.
- Guests who have taken the PCR swab test are requested to be quarantined from the time they have the swab test taken until their flight to Amanpulo to preserve the integrity of the results.
- All guests must also pass a health assessment, conducted by a physician at the Medical Reception of the Manila Lounge to board the flight to the island.

At the wharf, an Amanpulo physician conducts an antigen test on an employee who has just arrived from the nearby island of Manamoc. The test result is required before the employee can report for work at the resort.

- Guests who took commercial flights to Manila must also test negative in the required antigen swab test that will be administered by the physician to be cleared to join the flight.
- For those arriving via private plane, these checks take place upon arrival at the resort.
- After completing the health protocol, guests are ushered to the Manila Lounge to await their flight.
- Luggage is thoroughly disinfected before security screening.
- Disinfecting of the cabin and cockpit of the aircraft is done four hours before each flight from Manila and immediately after passengers alight from the plane in Pamalican.
- Social distancing is implemented on the seating arrangement and face masks are required to be worn for the duration of the flight.
- Passengers are given amenity kits consisting of hand sanitizer wipes, gloves and masks.
- Nap essentials consisting of a pillow, blanket and earplugs are offered before departure and are packaged for individual use.
- Upon arrival in Amanpulo, contactless check-in is implemented.

Housekeeping

- In line with professional consultation with SGS and Diversey, Aman implemented a post-COVID-19 protocol across its portfolio including Amanpulo to ensure that the resort is doing its utmost in elevated policies in hygiene and other containment best practices to promote a hygienic and healthy environment for employees and guests.
- Sanitizer gel or liquid is available in all public areas and refilled throughout the day.
- Public areas are thoroughly cleaned with a focus on disinfecting door handles, lighting switches and all other high use areas.
- All Villas and Casitas are sanitized daily with focus on specific touch points within the full room perimeter. To avoid cross contamination, cleaning equipment (sponges, cloths and similar) are changed with every room.
- Rooms are refreshed with fresh air by opening windows and doors during servicing.
- All paper collaterals have been removed from the rooms. A digital copy of the compendium is available via QR code for mobile phone viewing.
- On arrival, guests are advised that they can opt to have room linen changed daily, once every two days or only on request. The same applies to the turn-down service, with guests opting to have turn-down service, or not. Some guests may want less staff interaction and activity within their room.

Food & Beverage and Dining

- In restaurants and on terraces, furniture layout has been reassessed to enable social distancing in addition to encouraging outdoor dining options where possible. Tables have been amply spaced apart.
- All staff are trained in the health and safety aspects relating to COVID-19, including training for minimal contact and communication during service.
- The resort is offering options for more private dining experiences, with menus focusing on wellness options and local produce.
- The thorough cleaning and sanitizing of all tableware, menus, placemats, salt and pepper shakers take place after each use. Utensils are placed on the table once the guest is seated.
- Menus are available via QR code to minimize contact. If guests prefer, a one-use paper menu is available.
- In-room dining is served with all food and drinks covered. Guests are asked where they prefer to have their meal inside the casitas or in the veranda, and the staff practice social distancing. All food and beverage orders are packaged and covered, food is seasoned to perfection to do away with salt and pepper shakers.

Spa and Wellness

- Additional hygiene equipment (sanitizer wipes) are placed next to fitness equipment, with the addition of staff cleaning it after each use.
- The gym is strictly limited to no more than four guests.
- Each wet facility is limited to one guest/couple at a time, with a 30-minute limit should there be other guests waiting to use it.
- Each treatment room is stocked with PPEs for both guest and employee use. Each room has enough sanitizers and wipes/cleaning supplies to ensure the room is cleaned thoroughly between each use.
- There is a minimum of 30-minute turnover time between sessions to allow cleaning of each treatment room.
- The spa lobby is equipped with sanitizing amenities to include gloves, masks and sanitizer.
- Facials are not offered as part of the spa menu unless requested by the guest.
- Guests are asked to use the steam and shower facility in their treatment room before their treatment.

Activities

- All private activities are limited to five individuals, including driver/boat captain, and/or guide, when applicable.

AMANPULO FRESH WATER BOTTLING PROJECT

In affirmation of the resort's commitment to the environment, Amanpulo developed a water bottling project to minimize its waste and eventually reduce its carbon footprint.

Based on the data gathered, Amanpulo used 427,790 pieces of 350 mL single-use PET water bottles valued at P2.5 million.

The water bottling initiative aims to:

- Reduce single-use plastic bottle generation in the resort, and;
- Generate an annual cost savings of approximately P1.3 million.

The project will be implemented in five phases:

- Phase 1 covers service water in three main restaurants;
- Phase 2 involves serving drinking water in guests' rooms;
- Phase 3 will provide drinking water in the spa, gym and other related experiences activities.

Once the first three phases are successful, the project will move forward to the next two phases:

- Phase 4 will include providing bottled water to the guests' club cars, looking at an option of using stainless steel bottles that can also be washed in the high heat temperature glass bottle machine;
- Phase 5 will include providing Back-of-House with five-gallon service water.

The project was launched in December 2020 after the completion of the required water bottling facility's civil works and the shipment of bottling equipment, such as the bottle fillers, glass bottle wash machine, specialized production tanks and the European-produced personalized branded bottles. Full bottling production is set for the second quarter of 2021.

The water bottling facility of the resort is one of the few in all Aman properties and is the seventh water bottling facility in the Philippines that is already operational.

Environment:
Environmental Stewardship

3 GOOD HEALTH AND WELL-BEING
6 CLEAN WATER AND SANITATION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
14 LIFE BELOW WATER

WATER EFFICIENCY

103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5

Policies and procedures guided by the Philippine Clean Water Act of 2004 (RA No. 9275) govern the resort's water withdrawal system. Water withdrawal, discharge and consumption are measured and recorded using a standard and regularly calibrated water meter and compiled in the Water Withdrawal Monitoring File and Reports specifically maintained for recording water-related information.

Water Withdrawal

Amanpulo sources its water requirement from the sea. The company installed a reverse osmosis desalination plant with a capacity of 1,450 cubic meters per day.

Water consumption for resort operation includes not only those supplied in hotel rooms and restaurants but also those used in swimming pools, back-of-house operation and various offices. To reduce further impact on water use as a shared resource, there are reminders, orientation and guidelines for all resort stakeholders and users to conserve water.

2020 Water Withdrawal

505 mega liters
Total seawater desalinated to produce fresh water

The company follows standard procedures in setting the annual goal and objectives for its overall operation, including its water utilization targets. The Engineering Department spearheads the target-setting during annual planning in consultation with strategic departments that use water the most.

Water Discharge and Managing Water Discharge Impact

Following the guidelines of the RA No. 9275, the company strictly implements its policies to protect its groundwater and surrounding coastal water. Quarterly reports are prepared after regularly scheduled self-monitoring. Spearheaded by the resort's Pollution Control Officers, an annual water sampling analysis for its potable water and wastewater is performed by a DENR-accredited third-party laboratory. The results are submitted to DENR as part of the resort's compliance requirement.

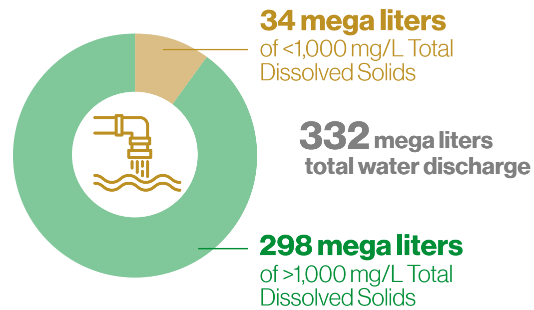
2020 Water Sampling Analysis of Desalinated Water

PARAMETER	METHOD	STANDARD	VALUES	RESULT
Heterotrophic Plate Count	Pour Plate	< 500 CFU/mL	21 CFU/mL	PASSED
Thermotolerant (Fecal) Coliform Count	Multiple Tube Fermentation Technique	< '1.1 MPN/100 mL	< 1.1 MPN/l00 mL	PASSED
Total Coliform Count	Multiple Tube Fermentation Technique	<1.1 MPN/100mL	< 1.1 MPN/100 mL	PASSED

All water discharge is directed to a wastewater treatment facility and is not discharged directly to the groundwater. Because of the desalination process, effluents that consist of brine water (concentrate) are directly discharged back to the ocean.

All wastewater undergoes the Primary, Secondary and Tertiary Levels of treatment, and once done, only then is it discharged indirectly to the ground by using it to water plants and vegetables and to soak gravel roads to prevent dust.

Thermotolerant (Fecal) Coliform Count, Ammonia as NH3-N, Biochemical Oxygen Demand, Nitrate as NO3-N, Oil and Grease, Phosphate as Phosphorus, Surfactants (MBAS) are the priority substances of concern for which discharges are treated. These substances were defined according to the standard criteria and guidelines of RA No. 9275 and the company's utilization objective in relation to water discharge treatment.



2020 Result of Wastewater – STP Analysis

PARAMETER	METHOD	RESULT
Thermotolerant (Fecal) Coliform Count	Multiple Tube Fermentation Technique	<1.8 MPN/'100 mL

Standard Methods for the Examination of Water and Wastewater 23rd ed.2017

2020 Result of Wastewater – STP Sampling Analysis

PARAMETER	METHOD	RESULT
Ammonia as NH3-N.	4500 -NH3 D. lon-Selective Electrode "	0.04 mg/L
Biochemical Oxygen Demand	5210 B. s-Day BOD Test "	< I mg/L
Nitrate as NO3-N	4500-NO3-D Nitrate Electrode Method	1.5 mg/L
Oil and Grease	5520 B. Liquid-Liquid, Partition-Gravimetric	3 mg/L
Phosphate as Phosphorus	4500 -P D. Stannous Chloride 6	<0.007 mg/L
Surfactants (MBAS)	5540 C. Anionic Surfactants as MBAS	<0.02 mg/L

Sample Description/Condition: The sample is clear and received in glass and plastic containers transported with ice.
References: Standard Method for the Examination of Water and Wastewater, 23rd Edition, 2017

Water Consumption

2020 Water Consumption

172 mega liters

10% lower from the consumption of 193 mega liters in 2019

There was no water consumption in areas with water stress and no identified water-related impact from the fresh water storage/tank with capacity of 0.8 mega liters. There was no change of water tank from 2019 to 2020.

The water-bottling project of the resort began in mid-2020. The resort decided to produce its own bottled water instead of buying bottled mineral water to reduce the volume of plastic (PET bottles) wastes at the resort. Initial data from the reports show that the bottling facility maintains one external fresh water stock tank with a capacity of 2,500 liters connected to an interior tank with a capacity of 500 liters. Both tanks are dedicated solely for the water bottling operation. The bottling system consisting of a bottle filler machine has a daily capacity of 2,300 liters. Since the project was launched only in December 2020, information on the daily water bottling operation is yet to be generated.

WASTE MANAGEMENT

103-1, 103-2, 103-3, 306-2, 306-3, 306-4

3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

PDP and Amanpulo Resort each have a set of standard protocols in managing its effluents and waste in accordance with the strict guidelines of the DENR.

PDP

PDP has a sound solid waste management system to protect primarily the health of its employees, the work environment and the surrounding communities.

68.7 metric tons of copper

recycled and sold to third-party buyer

28.33 metric tons

of other non-hazardous wastes

disposed of in a DENR-certified landfill area

70 **metric tons of hazardous wastes**
treated off-site, transported and disposed of in a DENR-certified location

No hazardous wastes were imported, exported and treated on-site. PDP is compliant with Restriction of Hazardous Materials (ROHS) Standards by the European Union, which certifies that its products are free from hazardous materials, lead-free and environment-friendly.

The company has no experience of organizational default from its disposal contractor nor a recorded spill. Risk mitigation and prevention policies and strategies based on guidelines issued by DENR for proper handling of hazardous waste are in place and strictly observed in the company's operations.

Amanpulo

The resort produces non-hazardous and hazardous wastes, of which proper disposal and tranportation are strictly observed. The company anchors its waste management system on the guidelines provided by Republic Act No. 9003 or the Ecological Solid Waste Management Act and Republic Act No. 6969 on Hazardous Waste.

- The company complies with the regulatory standards which are administered by the Department of Environment and Natural Resources - Environmental Management Bureau (DENR - EMB).
- The company has two DENR-EMB-accredited Pollution Control Officers (PCOs). These PCOs assess regularly the waste management approaches used by the company, facilitate the conduct of quarterly potable water and waste water sampling analysis through accredited and qualified water testing laboratory, and prepare the quarterly Self-Monitoring Report (SMR) for submission to DENR-EMB.
- DENR-EMB conducts annual inspection of the company facilities.

187.22 **metric tons of biodegradable wastes**
sorted out at the materials recovery facility (MRF)

10.4 **metric tons of hazardous wastes generated**

Wastes are segregated in the resort's MRF. Hazardous wastes and non-biodegradables are classified and stored temporarily in a separate area of the MRF, which consist of used oil from restaurants, the maintenance shop and power house, and office supplies such as dry cell batteries and light bulbs. These are all transported out from the island through a third-party, a DENR-accredited contractor and are brought to the mainland for proper disposal at a DENR-accredited treater facility.

All wastewater is directly piped-in to the sewage treatment plant (STP) to undergo three levels of treatment. Treated sludge from the STP is sun-dried and mixed with garden soil for the resort's organic vegetable garden. These initiatives are aligned with the company's goal to achieve zero-waste in the island resort.

No spillage had been reported in 2020. All fuel tank-related facilities have bund walls to prevent spillage and the sewerage treatment plant is equipped to process wastewater properly.

ZERO **spillage**
of fuel and wastewater

Anscor's Corporate Social Responsibility

102-12, 103-1, 103-2, 103-3, 413-1

THE ANDRES SORIANO FOUNDATION, INC.

ASF's work in northeastern Palawan continues to bear fruit with the addition of five island communities to the Small Islands Program. The Foundation's work in cancer management has likewise seen many developments, especially in research, information-education, and formation of local cancer area networks. The Foundation also supports the UP-PGH Cancer Institute/ Andres Soriano Cancer Center, a charitable treatment facility for indigent cancer patients.

The global effects of the COVID-19 pandemic on human health, economy and environment were unprecedented. The Foundation secured program grants from both local and foreign funding institutions to help stem the spread of COVID-19. Despite tight administrative and operating budgets, ASF remains confident that better times lie ahead and that the Anscor Group will continue to be a staunch ally of marginalized Filipinos in the fight against poverty. The United Nations' 17 Sustainable Development Goals (SDGs) 2030 remain to be an anchor for the Foundation in these uncertain times.

ASF immediately responded to the needs of its personnel and staff and the small island communities it has committed to help without losing sight of its mission as a social development organization.

SMALL ISLAND SUSTAINABLE DEVELOPMENT PROGRAM

Health

The Foundation immediately distributed medical supplies, hygiene kits, personal protective equipment and Vitamin C to three Rural Health Units of Cuyo, Agutaya and Magsaysay and one District Hospital; a government hospital in Puerto Princesa, Cancer Institute at the UP-PGH, East Avenue Medical Center and Mission Hospital; and four government TB laboratories in Isabela and Cagayan.

Families of displaced tricycle drivers and contractual workers in construction projects, resorts and small eateries were provided with relief packs. Overall, ASF was able to reach 4,273 families or 21,365 individuals; 602 frontline health workers, 50 cancer patients, five public hospitals, three rural health units, 11 barangay health centers and 15 public elementary schools in Cuyo, Agutaya and Magsaysay.

The nutrition program “First 1,000 Days of a Child” continued in the second half of the year. Twenty pregnant women from Barangay Algeciras, Agutaya were recipients of a package of health services inclusive of prenatal consultations, Vitamin A, vaccines for tetanus and sexually transmitted diseases, and iron and iodine with the distribution of milk and iodized salt, with the last two given monthly. They also regularly attended health and nutrition education sessions spearheaded by ASF in partnership with the Barangay Midwife.

Newborns and children up to two years old received complete immunization, breast milk and nutritious foods. The participating pregnant women were also required to have backyard vegetable gardens to supply fresh and nutritious vegetables under ASF’s Food Always in the Home (FAITH) project in partnership with the Local Government Unit of Agutaya.

ASF will expand the project in 2021 to two other island communities within its sphere of project sites.

Supporting the National Tuberculosis (TB) Control Program, ASF set up a TB-DOTs facility ten years ago as a diagnostic and therapeutic center. So as not to disrupt the daily treatment process of patients in the Quiniluban Group of islands due to mobility restriction and health protocols, TB medicines were brought to 14 patients every week for six months. With the help of volunteer barangay health workers, all 14 patients were cured.

Education

Distance learning added to the challenges teachers and students faced due to the implementation of community lockdown. ASF operates in areas with intermittent internet connection, so the Foundation donated a risograph machine to enable the island’s two public schools to reproduce weekly modules for the students. Supplies such as printer ink and bond papers were also provided to various schools.

Grade 12 Senior High School learners of Manamoc National High School were prevented by mobility restrictions and health protocols from having their internship at Amanpulo Resort. Instead, they held their practicum and their December 2020 culminating activity at the Tech-Voc Laboratory that ASF constructed for the school.

ASF fully supported the 33-day seminar on training methodologies for two Senior High School (SHS) technical-vocational (Tech-Voc) teachers under the ASF Adopt-A-School Project for Manamoc National High School. This is part of the school’s efforts for TESDA accreditation of its SHS Tech-Voc Laboratory Facility as an assessment center in Palawan for SHS graduates of tourism-related courses.

The Foundation supports three college scholars through the provision of the needed equipment for virtual learning.

Grade 12 Senior High School learners of Manamoc National High School were prevented by mobility restrictions and health protocols from having their internship at Amanpulo Resort. Instead, they held their practicum, and their December 2020 culminating activity at the Tech-Voc Laboratory that ASF constructed for the school.

Ten tech-voc scholars of ASF completed a two-year course on electromechanics at the Dual Tech Training Center. All ten graduates are employed in companies in the Laguna Techno-Industrial Park where the students had their on-the-job training.

Livelihood

ASF organized and provided technical and organizational training support including access to capital to Manamoc Livelihood Association and Manamoc Marketing Cooperative and linked them to Amanpulo to supply the resort with various local products. While the pandemic affected the livelihood of the local farmers, sales gradually picked-up during the 4th quarter of 2020. Products sold included pork, chicken, eggs and vegetables. Aggregate sales were P3.1 million during the period, 50% lower from the previous year's P6.1 million.

ASF assisted pandan and buri weavers by stocking up on their products, such as beach hats and picnic boxes, and setting up a temporary livelihood fund to pay for the finished products, which provided income for the weavers.

Environment

Protection and conservation efforts in partnership with barangays and municipal governments improved live coral cover and increased the presence of a variety of fish.

Fish and shells that were in abundance helped supply the needed food and income particularly for the workers displaced during the lockdown.

Coastal clean-up was continued at various project sites and 12,578 mangrove seedlings were planted before and after the lockdown.

ASF supported the efforts of communities in reducing plastic wastes in the islands through recycling and repurposing initiatives. A first step in the latter process is shredding plastic wastes and mixing them with concrete for house flooring and road construction. In 2021, ASF will help communities turn plastic wastes into secondary products for household and community use.

(Left photos) ASF continued to support pandan and buri weavers. (Above) Results of the 2020 Coral Reef Check Monitoring in Manamoc Island Fish Sanctuary show material increase and healthy live coral cover at 74%, a marked improvement from what was less than 50% years ago. (Below) Shredding single-use plastic wastes is the first step in the densifying process to repurpose plastic into usable items for households and community use.

CANCER CARE PROGRAM

ASF received continuing support from seven pharmaceutical companies as a fund conduit for its medical oncology fellowship program for seven medical doctors in the Cancer Institute at UP-PGH.

The Cancer Institute received medical supplies, hygiene kits and personal protective equipment (PPEs) worth P650,000 from ASF and its partners. In addition, four units of new desktops and five units of laptop computers were donated to support the shift from face-to-face medical consultations to online/tele-consultations.

In partnership with the Asian Oncology Society and Philippine Cancer Society, ASF sponsored the 2020 Andres Soriano Memorial Cancer Lecture, which was held virtually. Conference speaker Dr. Heinz Josef Lenz (USA) spoke on “Biomarker-Driven and Molecular-Targeted Therapies for Colorectal Cancer.” Asian medical practitioners mostly specializing in oncology attended the lecture.

Despite a precarious health situation, the dedicated frontline health workers of the Cancer Institute at PGH remain steadfast in their commitment to provide cancer health care and laboratory services to cancer patients. ASF has been a staunch ally and partner of the Cancer Institute for over 20 years, supporting many of its initiatives to improve further its health care service delivery to cancer patients. In 2020, ASF donated over P500,000 worth of various health kits, PPEs and vitamins to frontline health workers and cancer patients.

DISASTER RELIEF RESPONSE PROGRAM

In the aftermath of the devastating Taal Volcano eruption, ASF in partnership with the Archdiocese of Lipa and the Municipalities of Malvar and Talisay distributed relief packs and hygiene kits to over a thousand families in Batangas.

The Foundation also donated cash and goods for the typhoon victims of three successive typhoons (Quinta, Rolly and Ulysses) that inundated North Luzon, Bicol and Metro Manila in October and November 2020.

PDP Assistance for Typhoon Victims

PDP also extended assistance to typhoon victims. The month of November 2020 saw one typhoon after another ravaging the regions of Bicol and North and Central Luzon. Super Typhoon Rolly (Goni) battered Bicol region and the rest of Southern Luzon in November 1, 2020. This was followed by Typhoon Siony (Atsani) and Tonyo (Etau), which struck Luzon and Visayas from November 5 to 8, 2020. Typhoon Ulysses (Vamco) hit Central Luzon from November 11 to 12, 2020.

PDP provided financial assistance to various partners who organized relief operations for the communities battered by the typhoons. The company donated P500,000 to Andres Soriano Foundation and participated in the relief operations in Cagayan organized by one of its dealers in North Luzon.

Essential goods were distributed to different barangays in Cagayan: three in Amulong, one in Solana, and one in Alcala. PDP also donated 100 hygiene kits for 100 families in Bicol and another 100 kits for 100 families in Northern Luzon through Habitat for Humanity. In the long-term, the Company is also looking at supporting Habitat for Humanity’s housing projects in the same areas.

Global Reporting Initiative (GRI) Index

GRI Standard	Disclosure		Page Number (s), Direct Answer, and/or Reason for Omission (if applicable)
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	**Organization Profile**		
	102-1	Name of the organization	Page 2
	102-2	Activities, brands, products and services	Page 2
	102-3	Location of headquarters	Page 2
	102-4	Location of operations	Page 2
	102-5	Ownership and legal form	Page 2
	102-6	Markets served	Pages 2-3
	102-7	Scale of organization	Page 2
	102-8	Information on employees and other workers	Page 24
	102-9	Supply chain	Page 23
	102-10	Significant changes to the organization and its supply chain	For the period covered, there were no significant changes in the size, structure, ownership and supply chain of both Amanpulo and PDP.
	102-11	Precautionary principle or approach	Page 15
	102-12	External initiatives	Pages 38-41
	102-13	Membership of associations	PDP is an active member of the Philippine Electrical Wire Manufacturers Association. Amanpulo is an active member of the following associations: • Philippine Hotel Owners Association • Cost Controller's Association in the Hospitality Industry, Inc. • Information Technology Association of the Philippines The ASF actively participates in these national networks of non-government organizations (NGOs): • League of Corporate Foundations • Philippine Council for NGO Certification • Association of Foundations • ASF represents AF in a Commission of Caucus of Development NGOs (CODE-NGO), an umbrella organization of 12 NGO Networks in the country
	Strategy		
	102-14	Statement from Senior Decision Maker	Page 10
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behavior	Refer to 2019 SR
	Governance		
	102-18	Governance structure	Page 13
	Stakeholder Engagement		
	102-40	List of stakeholder groups	Pages 4-6

GRI Standard	Disclosure		Page Number (s), Direct Answer, and/or Reason for Omission (if applicable)
	102-41	Collective bargaining agreements	No Collective Bargaining Agreements in any of the subsidiaries within Anscor Group
	102-42	Identifying and selecting stakeholders	Pages 4-6
	102-43	Approach to stakeholder engagement	Pages 4-6
	102-44	Key topics and concerns raised	Pages 4-6
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Page 22 2020 Audited Financial Statements
	102-46	Defining report content and topic boundaries	Page 7 Refer to 2019 SR
	102-47	List of material topics	Pages 7-8
	102-48	Restatements of information	No Restatements of Information for 2020
	102-49	Changes in reporting	Inclusion of Anscor's CSR as Material Topic, reported using GRI 413: Local Communities 2016 standard
	102-50	Reporting period	Inside Front Cover
	102-51	Date of most recent report	Last Sustainability Report was 2019
	102-52	Reporting cycle	Inside Front Cover
	102-53	Contact point for questions regarding the report	Inside Back Cover
	102-54	Claims of reporting in accordance with the GRI Standards	Inside Front Cover
	102-55	GRI content index	Pages 42-45
	102-56	External assurance	No external assurance has been made for this report.
MATERIAL TOPICS			
ECONOMIC DISCLOSURES			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Page 22
	103-2	The management approach and its components	Page 22
	103-3	Evaluation of the management approach	Page 22
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Page 22
ENVIRONMENTAL DISCLOSURES			
Water Efficiency			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Page 34
	103-2	The management approach and its components	Page 34
	103-3	Evaluation of the management approach	Page 34

GRI Standard	Disclosure		Page Number (s), Direct Answer, and/or Reason for Omission (if applicable)
GRI 303: Water and Effluents 2018	303-1	Interaction with Water as a Shared Resource	Pages 34-35
	303-2	Management of Water Discharge-Related Impacts	Pages 34-35
	303-3	Water Withdrawal	Pages 34-35 As seawater is the only water source used by Amanpulo, all other water sources indicated in the GRI Standards (surface water, ground water, produced water, and third-party water) are not applicable. Further, there are no water-stressed areas in the island.
	303-4	Water Discharge	Pages 34-35 Other than brine water, all other forms of water stated in the GRI standards are not applicable as only brine water is discharged back into the ocean. Further, there are no water-stressed areas in the island.
	303-5	Water Consumption	Page 36
Waste Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Page 36
	103-2	The management approach and its components	Page 36
	103-3	Evaluation of the management approach	Page 36
GRI 306: Effluents and Waste 2016	306-2	Waste by Type and Disposal Method	Pages 36-37
	306-3	Significant Spills	Page 37
	306-4	Transport of Hazardous Waste	Page 37
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 18-20
	103-2	The management approach and its components	Pages 18-20
	103-3	Evaluation of the management approach	Pages 18-20
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with laws and regulations	Pages 18-20
SOCIAL DISCLOSURES			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 25-26
	103-2	The management approach and its components	Pages 25-26
	103-3	Evaluation of the management approach	Pages 25-26
GRI 401: Employment 2016	401-1	New Employee Hire & Employee Turnover	Pages 25-26
	401-2	Benefits provided to full-time employees that are not provided to Temporary or Part-time Employees	Pages 25-26

GRI Standard	Disclosure		Page Number (s), Direct Answer, and/or Reason for Omission (if applicable)
Stakeholders' Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 26-27
	103-2	The management approach and its components	Pages 26-27
	103-3	Evaluation of the management approach	Pages 26-27
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety Management System	Page 27
	403-2	Hazard Identification, Risk Assessment and Incident Investigation	Pages 28-29
	403-3	Occupational Health Services	Page 28
	403-4	Worker Participation, Consultation and Communication on Occupational Health and Safety	Pages 27-29
	403-5	Worker Training on Occupational Health and Safety	Page 28
	403-6	Promotion of Worker Health	Pages 27-29
	403-7	Prevention & Mitigation of Occupational Health and Safety Impacts	Pages 27-29
	403-9	Work-Related Injuries	Page 29
Anscor's Corporate Social Responsibility			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Page 38
	103-2	The management approach and its components	Page 38
	103-3	Evaluation of the management approach	Page 38
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Pages 38-41
Data Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Page 18
	103-2	The management approach and its components	Page 18
	103-3	Evaluation of the management approach	Page 18
GRI 418: Customer Privacy 2016	418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Page 18 Refer to 2019 SR on Management Approach

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