

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

ATTY. JOSHUA L. CASTRO

(Contact Person)

8819-0251

(Company Telephone Number)

1	2	3	1
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Month Day
(Fiscal Year)

SEC 20-IS
DEFINITIVE INFORMATION STATEMENT

(Form Type)

3rd Wednesday of April

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Month *Day*
(Annual Meeting)

<p>Not Applicable</p>

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

STAMPS

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A. SORIANO CORPORATION

Notice of Annual Meeting of Stockholders

NOTICE IS HEREBY GIVEN that the regular Annual Meeting of Stockholders ("ASM") of A. Soriano Corporation ("ANSOR" or the "Company") will be held on Wednesday, 14 April 2021 at 10:00 A.M. virtually. There will be no physical venue for the ASM in line with existing Government guidelines on public gatherings.

Stockholders who would like to participate in the virtual ASM may register by sending an email of their intention to participate to registration@anscor.com.ph not later than three (3) working days before the ASM or not later than 8 April 2021. The Procedure for Registration, Participation and Voting in the 2021 ASM of the Company is attached as Annex "A". A livestream of the virtual ASM will also be posted in the Company's website.

The agenda for the meeting and its explanation is as follows:

1. Approval of the minutes of previous meeting. The minutes of ASM last 17 June 2020 is posted in the Company's website. Please refer to pages 19 to 22 of the Information Statement ("IS") for further information on the approval of minutes of previous meeting.
2. Presentation of the Chairman and Chief Executive Officer's Message to Stockholders. The Chairman's Message to Stockholders is a summary of the Company's financial performance for the year ended December 31, 2020.
3. Election of members of the Board of Directors. The members of the Board of Directors are elected annually during the ASM and shall serve until the next ASM or until their successors are elected or appointed in case of vacancy due to death, resignation or removal. Please refer to pages 6 to 11 of the IS for the nominees for election as Directors of the Company.
4. Approval for Mr. Oscar J. Hilado to continue to act as Independent Director of the Company. The Company is allowed to retain an Independent Director who has served for more than nine (9) years to continue based on meritorious justification/s and provided Stockholders' approval is secured. Please refer to pages 7 to 8 of the IS.
5. Appointment of external auditors. The appointment of SGV & Co. will be presented for approval of the Stockholders.
6. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting. As a matter of policy, Management seeks the ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting. Please refer to pages 27 to 29 of the IS for a summary of resolutions passed by the Board of Directors.
7. Such other business as may properly come before the meeting. Any other matter which may properly be brought may be taken up by the stockholders during this portion of the meeting.

Only stockholders of record in the books of the Company at the close of business on 11 March 2021 will be entitled to vote at the meeting.

Stockholders are requested to complete, date, sign, and return the enclosed proxy form to reach the Company as promptly as possible not less than ten (10) working days prior to the Annual Meeting or not later than 26 March 2021. The signed proxy form may be emailed to our Stockholder Relations Officer, Ms. Rose Reyes at rose.reyes@anscor.com.ph.

Proxy validation will be held at A. Soriano Corporation, 7th Floor, Pacific Star Bldg., Makati Avenue corner Gil Puyat Avenue, Makati City on 6 April 2021 from 11:00 A.M. to 12:00 noon.

Makati City, Philippines, 18 March 2021.

THE BOARD OF DIRECTORS

By:

LORNA PATAJO-KAPUNAN
Corporate Secretary

**Procedure for Registration, Participation and Voting
in the 2021 Annual Stockholders Meeting
of A. SORIANO CORPORATION**

In line with Government guidelines on public gatherings and taking into consideration the safety of everyone, A. Soriano Corporation (the "Company") will be conducting its Annual Stockholders Meeting ("ASM") scheduled on 14 April 2021 at 10:00 AM virtually. There will be no physical venue for the ASM.

Only Stockholders of record as of 11 March 2021 are entitled to participate and vote in the 2021 ASM.

I. Registration and Participation/Attendance Procedure:

1. Stockholders who intend to participate in the virtual ASM may register by sending an email to registration@anscor.com.ph not later than three (3) working days before the ASM or not later than 8 April 2021, of their intention to participate together with the following:
 - a. For individual stockholders:
 - i. Scanned copy of any valid government-issued ID;
 - ii. Scanned copy of stock certificate in the name of the individual stockholder; and
 - iii. Active contact number, either landline or mobile.
 - b. For stockholders with joint accounts:
 - i. Scanned copy of authorization letter signed by other stockholders indicating the person among them authorized to participate and/or vote in the 2021 ASM;
 - ii. Documents required under items 1.a (i) and (iii) for the authorized stockholder; and
 - iii. Scanned copy of stock certificate in the name of the joint stockholders.
 - c. For stockholders under PCD Participant/Brokers Account or "Scripless Shares":
 - i. Coordinate with the broker and request for the full account name and reference number or account number;
 - ii. Documents required under items 1.a (i) and (iii).
 - d. For corporate stockholders:
 - i. Secretary's Certificate attesting to the authority of the representative to participate and/or vote in the 2021 ASM;
 - ii. Documents required under items 1.a (i) and (iii) for the authorized representative; and
 - iii. Scanned copy of stock certificate in the name of the corporate stockholder.

2. Upon successful registration and validation of the documents submitted through email above, the stockholder will receive an email confirmation and a unique link which can be used to log in and view the 2021 ASM.
3. Only those stockholders who have registered following the procedure above and stockholders who have provided their executed Proxy Form shall be included for purposes of determining the existence of a quorum.
4. For purposes of voting during the 2021 ASM please see section on Voting Procedure below.
5. For the Question and Answer portion during the 2021 ASM, stockholders may send their questions related to the agenda by email to registration@anscor.com.ph. Due to limitations on technology and time, not all questions may be responded to during the 2021 ASM but the Company will endeavor to respond to all the questions through email.
6. The proceedings during the 2021 ASM will be recorded as required by the Securities and Exchange Commission.

II. Voting Procedure:

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.

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; and
 - 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.

For any questions or clarification, you may contact us through Ms. Rose Reyes at rose.reyes@anscor.com.ph or through telephone number 8819-0251 or our stock transfer agent, Stock Transfer Service, Inc., through Michael Capoy at mccapoy@stocktransfer.com.ph or Riel C. Revelar at rcrevelar@stocktransfer.com.ph, or their telephone numbers 8403-3798 and 8403-3433.



A. SORIANO CORPORATION

P R O X Y

THIS PROXY IS BEING SOLICITED IN BEHALF OF ANDRES SORIANO III

Date

KNOW ALL MEN BY THESE PRESENTS:

I, the undersigned stockholder of A. Soriano Corporation, do hereby appoint, name and constitute ANDRES SORIANO III, or in his absence, the Vice Chairman of the Board, the Chief Financial Officer or the Corporate Secretary, in the order as enumerated, as my true and lawful proxy for me and in my name and stead, to attend and/or participate in the virtual Annual Meeting of the Stockholders of the Corporation on 14 April 2021 and at any adjournment(s) thereof, to vote all my shares of stock in the Corporation in all matters set forth in the agenda as I have expressly indicated by marking the same with an "X" or a "✓".

If no specific instruction is given, the shares will be voted FOR the election of the nominees for directorship whose names appear in this proxy form and FOR the approval of all matters listed in the proxy statement the stockholders' approval of which is sought in the meeting. Moreover, this proxy shall confer discretionary authority to vote with respect to the election of any person to any office for which a bona fide nominee is named in the proxy statement and such nominee is unable to serve or for good cause will not serve; and to all matters incident to the conduct of the meeting.

I T E M	A C T I O N		
	FOR	AGAINST	ABSTAIN
1. To approve the minutes of the 17 June 2020 Annual Meeting of Stockholders			
2. To approve the 2020 Annual Report of the Corporation			
3. To elect the following nominees as directors of the Corporation			
a. Andres Soriano III			
b. Eduardo J. Soriano			
c. Ernest K. Cuyegkeng			
d. Johnson Robert G. Go, Jr.			
e. Oscar J. Hilado			
f. Jose C. Ibazeta			
g. Alfonso S. Yuchengco III			
4. To approve the continuation of Mr. Oscar J. Hilado to act as Independent Director and to serve as such if elected as one of the Directors of the Corporation			
5. To re-appoint SGV & Co. as external auditors of the Corporation			
6. To ratify all acts, contracts and resolutions of Management and the Board of Directors since the last annual meeting of the Corporation			
7. Other Matters			

Please refer to the Notice of Meeting for the agenda items of the stockholders' meeting on 14 April 2021.
Please see reverse side for voting, revocability, validation, submission deadline and authentication of proxies.

Printed Name of Stockholder

Signature of Stockholder
or Authorized Signatory*

[*N.B.: Corporations, Partnerships and Associations must attach certified resolutions or extracts thereof designating the authorized signatory/ies for the purpose of this Proxy.]

PLEASE DATE , SIGN and RETURN PROXY

Voting, Revocability of Proxies, Validation/Submission Deadline, Authentication

When proxies are properly dated, executed, and returned on or before 26 March 2021, the shares they represent will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares will be voted FOR the election of the nominees for directorship whose names appear in the proxy form and FOR the approval of all matters the stockholders' approval of which is sought in the meeting. A stockholder giving a proxy has the power to revoke it at any time prior to its exercise at the Annual Meeting, by giving written notice to the Corporate Secretary prior to the Annual Meeting or by giving a subsequent proxy which must be received by the office of the Corporate Secretary not later than 26 March 2021.

Each share of Common Stock outstanding as of record date will be entitled to one (1) vote on all matters. The candidates for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected. The amendment of the Articles of Incorporation will require the affirmative vote of the stockholders which represent at least two-thirds of the outstanding shares of stock while the appointment of the independent auditors for the Company for the current year as well as other items presented to the Stockholders during the Annual Meeting will require the affirmative votes of a majority of the votes cast on the matter. Pursuant to Section 6, Article III of the By-Laws of the Corporation, written proxy shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting or not later than 26 March 2021.

Pursuant to the provisions of the By-Laws, the Board of Directors has set the date of validation of proxies to 6 April 2021. For this purpose, the Corporate Secretary shall act as the inspector at the election of directors and other voting by stockholders.

Under SEC Memo Circular No. 5 Series of 1996, all proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.

Person Making the Solicitation

The solicitation of proxies in the form accompanying this Statement is made in behalf of Management through Atty. Lorna Patajo-Kapunan and the proxy given will be voted in accordance with the authority contained therein. The solicitation of proxies in the accompanying form will be primarily by mail. However, personal solicitation may be made by officers, directors and regular employees of the Company whose number is not expected to exceed fifteen (15), and who will receive no additional compensation therefor. The Company will bear the cost, amounting to Five Hundred Thousand Pesos (P500,000.00), of preparing the annual report, information statement and other materials furnished to the stockholders in connection with proxy solicitation.

None of the Directors has informed the Company that he intends to oppose any action intended to be taken by the Company.

Interest of Certain Persons in Matters to be Acted Upon

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.

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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 : 7th Floor, Pacific Star Building
Office : 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 (P50,000,000.00) 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. VILLAFLORES, 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. Villafior	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 (P1.00) per share or total par value of Five Million Pesos (P5,000,000.00) into Five Hundred Million (500,000,000) preferred shares with par value of One Centavo (P0.01) per share or total par value of Five Million Pesos (P5,000,000.00); 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.
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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 (P0.50) 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	P	6,448,196	P 8,208,375	P 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)	(P	21,028)	P 1,836,394	P 954,326
Net Income Attributable to:				
Equity holders of the Parent	P	165,647	P 1,843,615	P 808,387
Noncontrolling interests		3,078	94,761	96,436
	P	168,725	P 1,938,376	P 904,823
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent	(P	24,106)	P 1,741,633	P 857,889
Noncontrolling interests		3,078	94,761	96,437
		(21,028)	P 1,836,394	P 954,326
Earnings Per Share				
Basic/diluted, for net income attributable to equity holders of the Parent	P	0.13	P 1.53	P 0.67
Basic/diluted, for total comprehensive income attributable to equity holders of the Parent	(P	0.02)	P 1.44	P 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
<i>Revenues (excluding investment gains or losses)</i>	1,599,751	1,770,817
<i>Investment Gains (Losses)</i>	(730,936)	856,917
<i>Net Income</i>	569,610	2,334,750
<i>Total Comprehensive Income</i>	569,407	2,357,159
<i>Earnings Per Share</i>		
<i>Net Income</i>	0.23	0.93
<i>Total Comprehensive Income</i>	0.23	0.94
<i>Market Price Per Share (PSE)</i>	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 plan 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 depreciation 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 cyclicity 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.



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1226 Makati City
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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

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

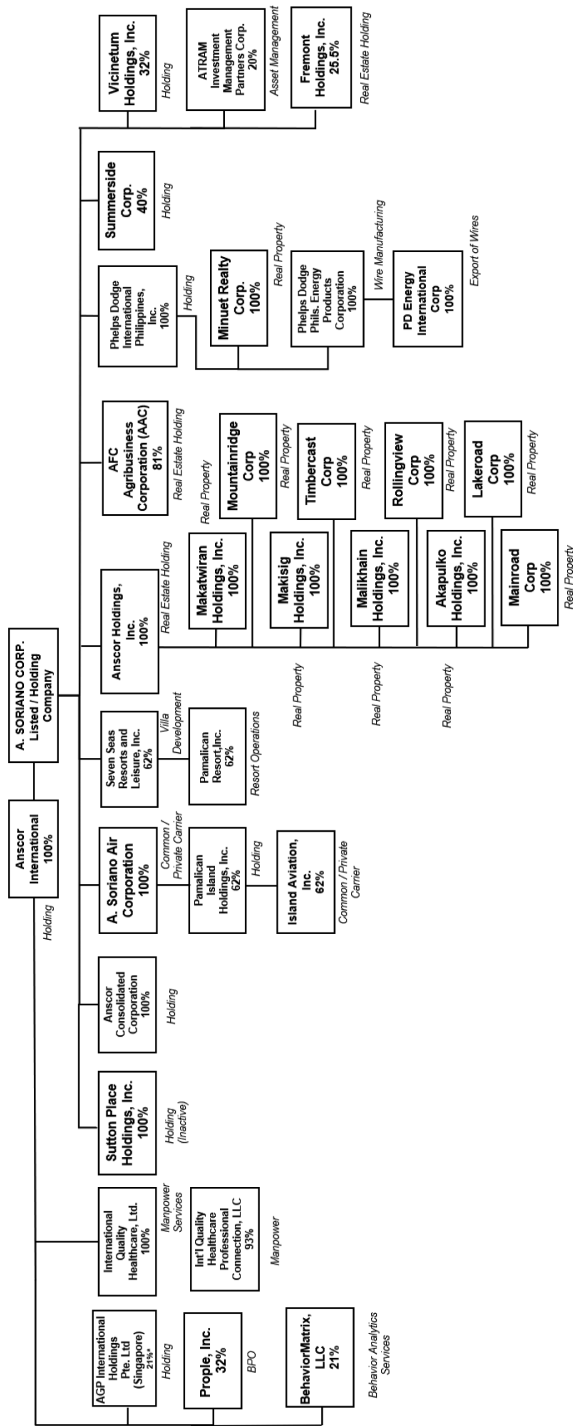
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS

AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2020

Unappropriated retained earnings,		
as adjusted to available for dividend		
distribution, January 1, 2020		₱ 3,317,096,763
<hr/>		
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
<hr/>		

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 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

ANNEXE

A. SORIANO CORPORATION AND SUBSIDIARIES
COMPONENTS OF FINANCIAL SOUNDNESS AND INDICATORS
DECEMBER 31, 2020 AND 2019

		2020	2019
i	Current Ratio	<u>16,157,261,437</u> <u>1,610,273,637</u>	<u>16,622,628,416</u> <u>1,693,432,046</u>
		10.03 : 1	9.82 : 1
ii	Acid Test Ratio	<u>15,050,824,355</u> <u>1,610,273,637</u>	<u>15,656,264,270</u> <u>1,693,432,046</u>
		9.35 : 1	9.25 : 1
iii	Solvency Ratio	<u>457,820,886</u> <u>2,341,894,799</u>	<u>2,115,795,161</u> <u>2,607,562,447</u>
		19.55%	81.14%
iv	Debt-to-Equity Ratio	<u>2,341,894,799</u> <u>18,695,575,051</u>	<u>2,607,562,447</u> <u>19,943,119,811</u>
		0.13 : 1	0.13 : 1
v	Asset-to-Equity Ratio	<u>21,602,285,333</u> <u>18,695,575,051</u>	<u>23,112,420,092</u> <u>19,943,119,811</u>
		1.16	1.16
vi	Interest Rate Coverage Ratio	<u>484,455,675</u> <u>24,411,138</u>	<u>2,416,114,941</u> <u>48,364,623</u>
		19.85	49.96
vii	Return on Equity Ratio	<u>165,646,806</u> <u>18,695,575,051</u>	<u>1,843,615,322</u> <u>19,943,119,811</u>
		0.89%	9.24%
viii	Return on Assets	<u>165,646,806</u> <u>21,602,285,333</u>	<u>1,843,615,322</u> <u>23,112,420,092</u>
		0.77%	7.98%
ix	Profit Ratio	<u>165,646,806</u> <u>6,883,700,687</u>	<u>1,843,615,322</u> <u>10,695,384,232</u>
		2.41%	17.24%
x	Book Value per Share	<u>18,695,575,051</u> <u>1,227,570,239</u>	<u>19,943,119,811</u> <u>1,250,127,754</u>
		15.23	15.95



A. SORIANO CORPORATION

7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Ext.
1209 Makati City, Philippines

20 20

ANNUAL
REPORT



A. SORIANO CORPORATION

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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.

THE 2020 PHILIPPINE ECONOMIC PICTURE

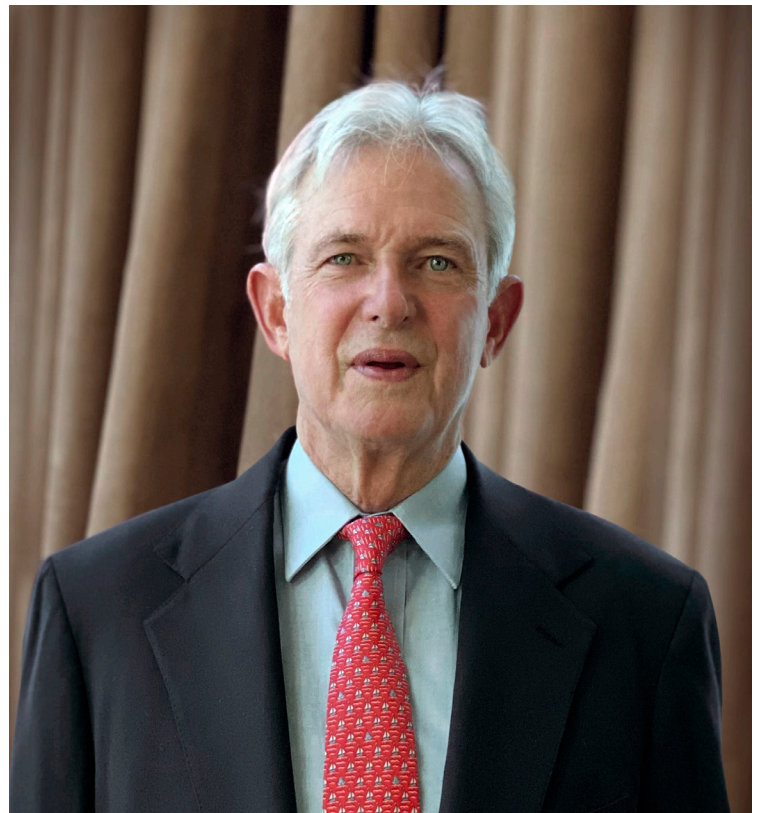
The Taal Volcano eruption and the COVID-19 pandemic resulted in the Gross Domestic Product contracting by 9.5% in 2020. Virtually all sectors of the economy registered negative growth rates as a consequence of lockdown measures imposed by the Government to contain the spread of the pandemic. The decline 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.

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.

Anscor would not have been able to weather the pandemic as well as it has without your collective efforts.



ANDRES SORIANO III
Chairman

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.

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

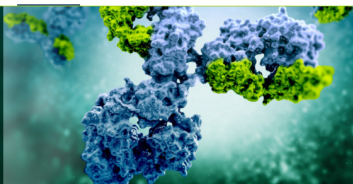
Much of the Foundation's community initiatives were stopped temporarily due to strict implementation of standard health protocols. Immediate relief for urgent needs were provided: medical supplies, hygiene kits, personal protective equipment and Vitamin C to stem the spread of the virus especially for 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.

*Naxitamab under brand name
DANYELZA received its approval from
USFDA in November 2020.*



DANYELZA



DANYELZA® (naxitamab-gqgk)

DANYELZA
(naxitamab-gqgk)
40mg/10mL injection

Please click for full Prescribing Information and Patient Information for DANYELZA including BOXED WARNING on serious infusion-related reactions and neurotoxicity.



The Marine Protected Area of Manamoc Island spans 108 hectares. Manamoc Bantay Dagat volunteers regularly patrol the area to mitigate illegal fishing activities.

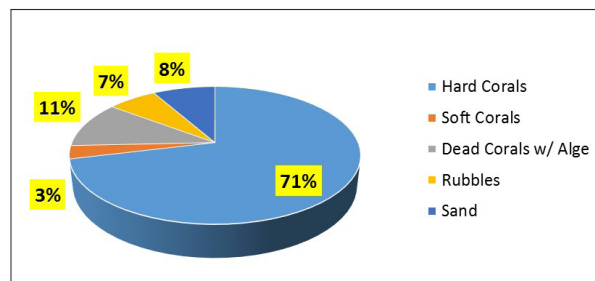
The nutrition program's "First 1,000 Days of a Child" project continued in the second half of the year. Twenty pregnant women were recipients of a month's package of health services inclusive of prenatal consultations, Vitamin A, vaccines for tetanus and sexually transmitted diseases, and iron and iodine 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 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. 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

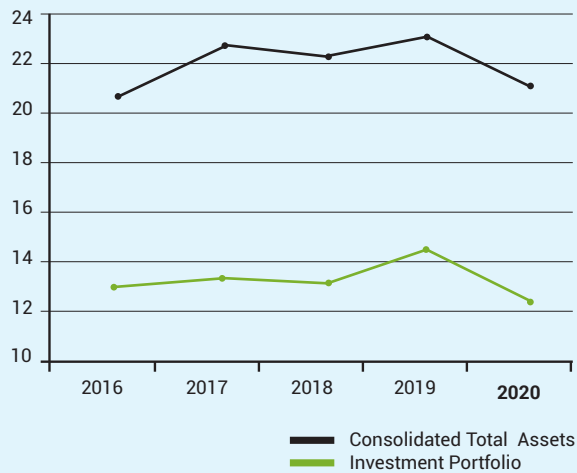
(In Million Pesos Except Per Share Data)

	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

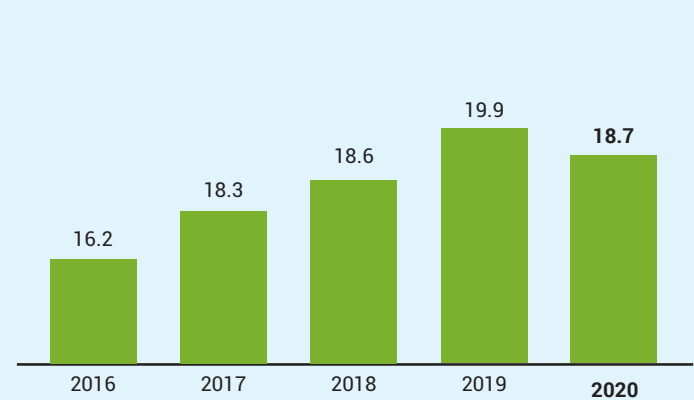
* Ratio of net income attributable to equity holders of the Parent to weighted average number of shares outstanding during the year.

** Ratio of equity attributable to equity holders of the Parent to outstanding number of shares as of end-December.

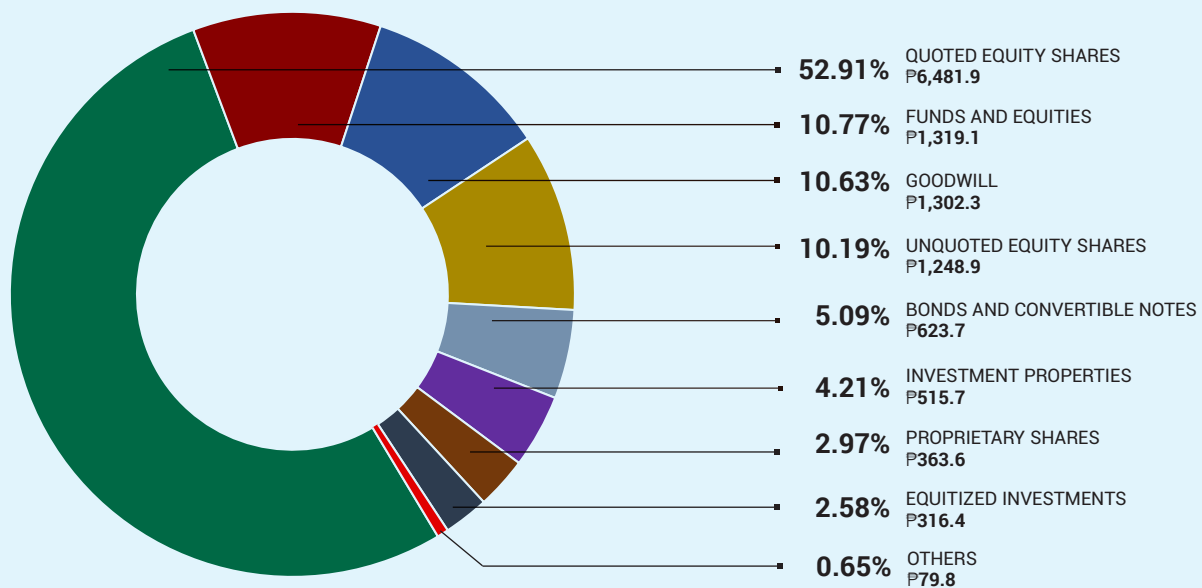
CONSOLIDATED TOTAL ASSETS & INVESTMENT PORTFOLIO (In Billion Pesos)



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

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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

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 P1,302.3 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 P601.0 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)	(P 1,150,196)	(P 11,859,942)	P 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)	(P 21,027,566)	P 1,836,394,633	P 954,325,932
Net Income Attributable to:			
Equity holders of the Parent	P 165,646,806	P 1,843,615,322	P 808,386,813
Noncontrolling interests	3,078,190	94,761,342	96,436,570
	P 168,724,996	P 1,938,376,664	P 904,823,383
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	(P 24,105,756)	P 1,741,633,291	P 857,889,362
Noncontrolling interests	3,078,190	94,761,342	96,436,570
	(P 21,027,566)	P 1,836,394,633	P 954,325,932
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 27)	P 0.13	P 1.53	P 0.67
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent (Note 27)	(P 0.02)	P 1.44	P 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	P 2,500,000,000	P 1,605,613,566	(P 26,356,543)	P 295,582,321	P 14,157,787	P 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 P641.4 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 P634.6 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 P937.4 million (Note 21)	—	—	—	—	—	—	—
Shares repurchased during the year (Note 21)	—	—	—	—	—	—	—
Movement in noncontrolling interests (Note 3)	—	—	—	—	—	—	—
BALANCES AT DECEMBER 31, 2020	P 2,500,000,000	P 1,859,383,287	P —	P 99,260,524	P 2,521,749	P 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)								
	Subtotal*	Retained Earnings		Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total	
		Appropriated	Unappropriated					
BALANCES AT DECEMBER 31, 2017	P 4,446,991,753	P 7,150,000,000	P 9,059,813,726	(P 2,324,314,735)	P 18,332,490,744	P 458,644,651	P 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 P641.4 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 P634.6 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 P937.4 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	P 4,484,885,973	P 7,150,000,000	P 9,715,904,450	(P 2,655,215,372)	P 18,695,575,051	P 564,815,483	P 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:

- o The rent concession is a direct consequence of COVID-19;
- o 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;
- o Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- o 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):

- o Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- o Relief from discontinuing hedging relationships
- o 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:

- o 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
- o 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:

- 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 wholly owned, majority and minority-owned subsidiaries as at December 31:

	Nature of Business	Percentage of Ownership		
		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	P 798.2	P 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	P 656.4	P 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	P 13.0	P 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:

	Nature of Business	Percentage of Ownership		
		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 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 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	P 8,292,508,630	P –	P –	P 8,292,508,630
Services	–	1,100,825,407	213,879,440	1,314,704,847
Total revenue from contracts with customers	P 8,292,508,630	P 1,100,825,407	P 213,879,440	P 9,607,213,477
Timing of revenue recognition:				
At a point in time	P 8,292,508,630	P 392,685,676	P 213,879,440	P 8,899,073,746
Over time	–	708,139,731	–	708,139,731
Total revenue from contracts with customers	P 8,292,508,630	P 1,100,825,407	P 213,879,440	P 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 P54.3 million and P52.7 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 P52.7 million, P41.1 million and P53.2 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					Total	Eliminations	Consolidated
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations ¹				
As at and for the year ended December 31, 2020								
Revenues, excluding interest income ²	P 1,533,497	P 646,324	P 6,448,196	P 1,095,519	P 9,723,536	(P 2,248,661)	P 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	12,310,881	(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	P 1,657,436	P 1,140,942	P 8,208,375	P 885,568	P 11,892,321	(P 1,967,969)	P 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)	(2,752,079)	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					Total	Eliminations	Consolidated
	Holding Company (Parent)	Resort Operation and Villa Development	Cable and Wire Manufacturing	Other Operations ¹				
As at and for the year ended December 31, 2018								
Revenues, excluding interest income ²	P 1,334,003	P 1,100,825	P 8,292,509	P 1,165,109	P 11,892,446	(P 1,983,455)	P 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 (P13.4 million) and US\$0.8 million (P43.5 million), respectively.

In 2020, 2019 and 2018, AI recognized losses on fair market value adjustment in its investment in Navegar I amounting to P2.4 million, P2.2 million and P20.2 million, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to P21.5 million and P24.7 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 (P46.5 million) and US\$0.2 million (P10.1 million) in 2020 and 2019, respectively.

In 2020, AI recognized gains on fair market value adjustment in its investment in Navegar II amounting to P14.2 million.

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to P71.3 million and P11.7 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 (P52.8 million), US\$0.9 million (P48.0 million) and US\$1.0 million (P50.4 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 P23.2 million. In 2019 and 2018, AI recognized losses on fair value adjustment amounting to P31.1 million and P3.3 million, respectively.

As at December 31, 2020 and 2019, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to P134.4 million and P62.3 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 in 2020
	2020	2019	
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 in 2019
	2019	2018	
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 in 2018
	2018	2017	
Quoted equity shares	P 2,242.3	P 2,357.6	(P 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			P 33.5

There were no outstanding forward transactions as at December 31, 2020, 2019 and 2018.

11. Receivables

	2020	2019
Trade	P 1,834,935,681	P 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
	P 1,935,992,841	P 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 P2.8 million in 2020 and 2019	P 113,082,152	P 113,294,068
Spare parts and operating supplies - net of allowance for inventory obsolescence of P37.2 million in 2020 and P37.3 million in 2019	66,223,633	61,808,329
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of P9.5 million in 2020 and 2019	58,138,235	41,814,368
Construction-related materials - net of allowance for inventory obsolescence of P0.6 million in 2020 and 2019	605,556	605,556
	799,012,209	742,223,107
	P 1,052,585,937	P 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 P1.5 million and P1.4 million, respectively. Net reversals for inventory obsolescence recognized in 2018 amounted to P2.6 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 P4,675.9 million, P6,207.8 million and P6,664.8 million in 2020, 2019 and 2018, respectively (see Note 22).

13. FVOCI Investments

	2020	2019
Current portion	P —	P 94,535,324
Noncurrent portion	94,137,422	235,949,189
	P 94,137,422	P 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 (GRESO). 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 (P47.0 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 P19.2 million, P44.4 million and P70.5 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	P 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 P1.00 per share) amounting to P5.0 million will be reclassified to 500,000,000 preferred shares (par value of P0.01 per share) amounting to P5.0 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
Variable nurse costs	—	—	1,122,567
Others	7,928,253	14,550,117	11,219,874
	₱ 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	P 20,555,238	P 17,562,357	P 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)	P 18,123,185	P 13,203,358	P 37,124,451
Actual return on plan assets	P 46,900,559	P 38,309,338	(P 11,890,805)

Changes in net retirement plan asset are as follows:

	2020	2019	2018
Net retirement plan asset, beginning	P 84,470,839	P 65,391,589	P 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	P 91,612,330	P 84,470,839	P 65,391,589

Changes in net retirement benefits payable are as follows:

	2020	2019	2018
Net retirement benefits payable, beginning	(P 32,252,060)	(P 12,858,113)	(P 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	P 5,996,197	P 5,996,197	P 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	(P 56,895,050)	(P 32,252,060)	(P 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	(P338,630,793)	(P155,157,639)	(P 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)	P 91,612,330	(P 56,895,050)	P 34,717,280

2019	Net Retirement Plan Assets	Net Retirement Liabilities	Total
Present value of defined benefit obligation	(P 301,273,798)	(P118,259,807)	(P 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)	P 84,470,839	(P 32,252,060)	P 52,218,779

Changes in the present value of defined benefit obligation:

	2020	2019
Defined benefit obligation, beginning	P 419,533,605	P 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	P 493,788,432	P 419,533,605

Changes in the fair value of plan assets:

	2020	2019
Fair value of plan assets, beginning	P 492,599,517	P 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	P 551,816,645	P 492,599,517

Changes in the effect of asset ceiling:

	2020	2019
Beginning balance	P 20,847,133	P 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	P 23,310,933	P 20,847,133

The fair value of plan assets as at December 31 are as follows:

	2020	2019
Debt instruments	P 399,277,206	P 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
	P 551,816,645	P 492,599,517

The financial instruments with quoted prices in active market amounted to P914.6 million and P836.8 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	(P 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	(P 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	(P 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	(P 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 P29.5 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	(P 260,619)	(P 5,586,651)	P –	(P 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)
	P 123,997,500	(P 468,391,756)	P 87,156,013	(P 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	P 1,883,617,238	P 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	P	1,639,987	P —	P —	(P 1,639,987)	P —
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
		P	8,725,100	P 1,722,976	P —	(P 1,639,987)	P 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 P100.0 million or below and taxable income of P5.0 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	P 165,646,806	P 1,843,615,322	P 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	P 0.13	P 1.53	P 0.67
Basic/diluted, for comprehensive income (loss) attributable to equity holders of the Parent	(P 0.02)	P 1.44	P 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 P5.0 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)	P 146.4	P 116.1	P 166.8
Retirement benefits (Notes 22, 23 and 25)	4.4	5.7	6.9
Total	P 150.8	P 121.8	P 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.

December 31, 2020	Current	Days Past Due But Not Impaired					Total
		Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	
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					Total
		Less than 30 days	31 to 60 days	61 to 90 days	61 to 120 days	More than 120 days	
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	P0.52
	-150	(0.52)
2019	+150	(P1.06)
	-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	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	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):

			Effect on Income
FVPL Investments	Change in PSE		Before Tax and Equity
2020	Price Index		Increase (Decrease)
	+33.14%	P	1,165.59
	-33.14%		(1,165.59)
2019	+14.47%	P	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%	P 282.54
	-10.00%	(282.54)
2019	+10.00%	P 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):

	Change in Currency Rate	Effect on Income Before Tax and Equity Increase (Decrease)
2020		
US Dollar	+3.23%	P 6.43
	-3.23%	(6.43)
Indonesian Rupiah	+10.31%	(P 18.35)
	-10.31%	18.35
2019		
US Dollar	+5.60%	P 6.82
	-5.60%	(6.82)
Indonesian Rupiah	+4.79%	(P 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 P328.0 million, with an average quantity of about 1,026 metric tons in 2020 and P427.1 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%	(P 29.28)
	-5.71%	29.28
2019		
	+0.72%	(P 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	P 3,091,959,345	P —	P —	P 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
	P 5,177,988,648	P 10,022,872,169	P 94,137,422	P 15,294,998,239

*Excluding non-financial assets amounting to P157.4 million. Notes receivable amounting to P307.5 million is included.

December 31, 2019	At Amortized Cost	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents	P 2,308,878,255	P —	P —	P 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
	P 4,637,026,448	P 11,130,248,073	P 330,484,513	P 16,097,759,034

*Excluding non-financial assets amounting to P144.0 million. Notes receivable amounting to P349.5 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		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020	Total			
FVPL investments:				
Quoted equity shares	P 6,481,857,144	P 6,481,857,144	P —	P —
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	—	—
	P10,117,009,591	P 7,185,385,785	P 1,909,914,732	P 1,021,709,074

		Fair Value Measurement Using		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019	Total			
FVPL investments:				
Quoted equity shares	P 7,616,776,828	P 7,616,776,828	P –	P –
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	–	–
	P 11,460,732,586	P 8,824,416,129	P 1,614,607,383	P 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 P121.0 million with 3% annual increase at the end of 2 nd year	0% to 5%	0%: fair value of P803 5%: fair value of P1,260
		Liquidity discount of 20%	10% to 30%	10%: fair value of P1,149 30%: fair value of P894
		Cost of equity of 12.80%	12.6% to 13.6%	12%: fair value of P1,041 14%: fair value of P948
2019	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	Dividend payout is P120.0 million with 3% annual increase	0% to 5%	0%: fair value of P785 5%: fair value of P1,278
		Liquidity discount of 20%	10% to 30%	10%: fair value of P1,149 30%: fair value of P894
		Cost of equity of 12.99%	12% to 14%	12%: fair value of P1,030 14%: fair value of P940

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	P	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	P	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).

IAI

- 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 Availability	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 Availability	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 Availability	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 may prejudice the Group's negotiation with third parties.
- d. COVID-19 Outbreak

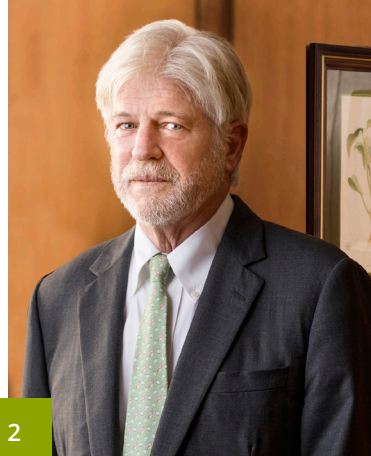
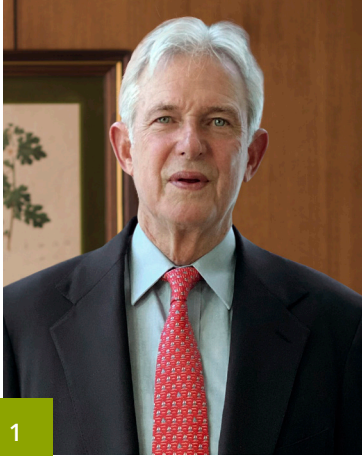
In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 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**



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

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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. VILLAFLORES

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.



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